

Your savings and investments

Choice of mortgage

BY ERIC SHORT

the dream of many young people to own their own home, buying a house is rarely a straightforward affair and the time buyer is not usually aware of the snags, pitfalls and traps that can occur. Expert advice is to be recommended where housebuyers should be at if their dream is not to be turned into a nightmare. For a field where there are a sick operators anxious to take advantage of the inexperience of those who are relieving them of their money, the Corporation of Mortgage Brokers has a campaign designed to help the methods of operation of these so-called "Rogue Brokers". It is well worth reading.

Buying a house also represents most couples the first investment operation in their lives. They should consider very carefully the method to repay the mortgage, as in mind financial instances not only in the years but later on. There are two methods—straight building society mortgage and the repayment mortgage method. The investor has to decide which is appropriate for an understanding of the mortgage and the individual makes the monthly payments to the mortgage society, which first repays the interest charge on the outstanding loan and then the balance to reduce the loan. In the early years the interest charge is proportionally high and as more of the mortgage is repaid, the interest charge falls. Since investors are repaid on the interest, the net cost of repaying a mortgage is lowest at outset end of the mortgage by the end of the term.

The endowment method can be used to combine repayment of the mortgage with savings towards the future. But this should not be the sole criterion in making the decision. The mortgage brokers provide quotations that show the overall cost of repaying a mortgage by the end of the term.

With the endowment mortgage method, the investor pays interest on the full mortgage throughout the term of the loan direct to the building society usually at a slightly higher interest rate than on the straight repayment. He also repays the loan by means of an endowment assurance contract maturing at the end of the period on which he pays monthly premiums. He gets tax relief on the interest payments and at basic rate only on the life assurance premiums. But providing tax rates do not change his net outlay remains at the same level throughout the term of the contract.

The investor has the further choice, with the endowment method, of deciding which type of endowment contract to take out—without profits, full with-profits or low cost. The without-profits simply covers the mortgage, while the full with-profits has the sum assured covering the mortgage and the bonuses are paid to the investor at maturity. Under the low cost method a large part of the bonuses are taken into account in fixing the cover. This means lower premiums than without-profits and in addition if the company's bonus rate remains unchanged there should be a substantial cash sum paid to the investor at the end of the period.

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various methods and the lump sum available at the end is given considerable prominence. But an important consideration must be the cost over the early years. The term of the loan, as far as many housebuyers are concerned, is not the nominal period of the mortgage, but the time until they change houses and take out a fresh mortgage. This is likely to be only a few years and over this period the straight repayment system is much cheaper.

A general rule of thumb, and it is nothing else, is that if the investor intends to move for the straight repayment. However, if this is his "final" house in which he intends to settle down then go for the endowment system. Brokers, because of the work load, only make average comparisons between the two systems although in general they do verbally explain the difference in cost over the early years. I would prefer brokers to set out a net year by year cost of the two systems so that investors have the figures in front of them when making their decision. In these days of computer terminals it is not an onerous task.

The usual quotation provided by a mortgage would take the following form. Assuming a mortgage of £10,000 taken out

by an investor aged 29 repayable over 25 years. Under the repayment system, his gross monthly outlay would be £108.10—with interest at 12½ per cent plus £2.15 per month for life cover. His average tax relief at standard rate taken over the whole term would be £26.54 making an average net monthly payment of £81.56. In addition, the broker would charge a fee based on the size of the mortgage—the broker I talked to would charge on a straight-forward case a fee of £80, less than 1 per cent of the mortgage.

With an endowment method the net monthly premium on a low cost plan would be £83.51 and at the end of 25 years a slightly lower rate even though the interest is charged at 12½ per cent. But, in addition there would be a lump sum of £2,880 completely tax-free at the end of 25 years and no fees, the broker getting commission on the life policy. This clinches it for the average investor. What he does not appreciate is that under the repayment system his net payment in the first year is about £74 per month—£10 lower than under the endowment system, while in the final year it is not far short of £110. But the breakeven point occurs far beyond the half-way stage.

Several enquirers have asked my advice as to what to do with their mortgage, having opted for the endowment method and then found it was too costly. The low surrender value paid on these contracts virtually locks an investor into the method. So give careful consideration at the outset and insist that the broker gives a full explanation.

THE PROPOSAL to replace the Price Code with a wider ranging Prices Policy, when the code runs out in July, was greeted with indifference by the stock market. Investors seemed to regard it as somewhat of a "non event." After all, the Price Commission itself said in November that British industry generally was operating on profit margins of only half the permitted ceilings under the old Price Code and probably at only about one third of the reference levels if the concessions for depreciation and investment relief are taken into account.

Now that margins, not cost increases, are the controlling factor, the new policy must be good news for most companies. No longer will they have to tie price increases to cost rises. Instead they will be able to lift prices to levels which will show them better net profit margins so long as they remain within the reference levels. For most companies this leaves considerable leeway, so it is possible that investors can look for small improvements in profits where competition allows.

More optimism—albeit cautious—can also be generated from some of the statements made in the consultative document which suggest that one role of the Commission will be to encourage industry. For instance, the Commission is to encourage "the earning of profits which give a real rate of return on capital employed sufficient to meet the cost of finance, including compensation for the business risk, and to

Good news for most

BY CHRISTINE MOIR

is forced to reduce its margins by cutting its prices, this would force competitors to follow suit.

There are several other similar statements in the document which suggest that the Commission is taking industry's interests into account. Although, it is dangerous to prejudge the intentions of examiners (the proof of such statements will be in the results of investigations), it is possible to envisage these criteria justifying profit margins actually in excess of current reference levels. The criteria are at least generous enough to encompass most price rises which the market itself could bear.

The unwelcome changes from the old Price Code lie in the proposed new powers the Commission will have to investigate sectors, products and companies and to enforce actual price and profit margin reductions. It is envisaged that some 40 to 50 such investigations will be carried out each year—a number which could have far-reaching repercussions if the cases are carefully chosen.

The announcement of an investigation could pose threats not just for profits but also for share prices. For instance, it might be argued that the commission will concentrate on market leaders. In this way it could control an entire sector. If one takes a hypothetical case, a company in a competitive sector, if the market leader

there would be little political gain in cutting larger prices if bitter prices were not also cut. Some commentators have suggested that a sector like building materials could be a target. The argument is based on the comment in the report that the new policy will be able to "control" companies which have taken undue advantage of price increases allowed under the Price Code. Building material companies have certainly asked for a large number of increases. In one case it is even true that London Brick's prices had to be reduced for a few months when margins exceeded reference levels. But this was a result of stock profits lifting net margins, something which will be offset under inflation accounting procedures.

Food manufacturers have been mentioned as likely candidates because they supply the sensitive retail area where the retailers themselves operate on too slight absolute margins to be effective targets for Government price-cutting. But there are few companies in food manufacturing which could not escape if the criteria of maintaining the real value of the business are actually applied.

In brief, while it is early days to suggest definite obstacles, it seems as if there will be genuine advantages to industry under the new policy with "allowance" for reductions in there could be whole sectors lagging prices, since margins affected are higher than on ordinary bits. However, closely competitive areas.

higher

Reassuring the private investor

FACED with a problem, professional people have an instinct to form a club or maybe even an association. Both give that common feeling of "together" (not to mention the added feeling of putting off any decision). But perhaps the correct aspect is parallelism in the Association of Independent Investment Managers and the Unit Trust Association Information Unit, which has been in the news this week.

The Association of Independent Investment Managers is a newly formed body which has drawn up its list of regulations. One might well wonder who are the independent investment managers? and it provides the answer to this question. In the past independent investment (outside the banks, stockbrokers or main unit trust groups) inhabited a rather twilight world in which the firms trying to do a flexible investment job for the small or were indistinguishable sharp practitioners, "consultants" masquerading as investment advisers. The function of the AIIM is to set standards for its members to have to conform to certain standards which will act as a representation of its members to the Government bodies. The requirement of standards for the clients' money should be posted in other hands. The AIIM is unlikely to be the size of its unit trust investment trust counterpart.

Once all the applications are sorted out the AIIM is expected to have 16 members out of an estimated 25, representing between £100m. in managed funds. Any potential client who wants more details should contact the honorary secretary, A. E. Wieler, Throgmorton House, 15 Copthall Lane, London EC2R 7DA. This is one avenue for the investor to be reassured on the old question "Who can I

trust?" and another is the new AUT Information Unit. The unit is a two-person affair which has been formed to "act as a focus for the Association's liaison with the press, investors and the public." It starts on March 1 and the people involved are David Fleming (formerly with the AUT's public relations advisers) and Marie Jennings, a lady who is a specialist writer on money management for women and who has strong views on the role of women as the family's financial planner. This all sounds like a refreshing move towards investor relations on an industry basis and one which should be welcomed. It certainly makes a change from the "plough your own furrow" attitude which has often characterised the unit trust field.

Gold has been forging ahead over the past fortnight (it broke through \$140 per oz this week) and anyone who took the plunge last August when it touched as low as \$103 is now showing a nice profit. Krugerrands have jumped from just under £80 to £85 over the same period, with the domestic premium on gold constant still fairly modest at just 3 per cent. The feeling is that the gold price could go higher (perhaps to \$155 per oz) now that the back of the IMF auctions has been broken and hopes of world economic recovery are less prominent. Gold experts always do swing from one extreme to another, but it is comforting that very few laymen are cashing in their Krugerrands now that the trend has improved.

Silver was given a boost this week by a report from Commodity Analysis, which predicted that the metal would rise from 28p to 32p per oz by mid-1977. The primary reason given is the large estimated deficit in the production and consumption in 1977-78. On Thursday the price was 272.5p and investors can always buy the metal in kilobars at about £90 a time plus VAT. But you need to be strong to carry away much.

CHRISTOPHER HILL

Not so good for those who remain

managed by people with a stock market background have so far tended to be the less successful.

Residents of the U.K., as well as expatriates, can invest in the fund. But since it is denominated in dollars, they have to come through a special "feeder" fund. This is a sterling offshore trust which invests in the main one through a "back to back" dollar loan. The overseas assets of the main fund will thus be balanced by an overseas currency liability, so the "feeder" should not be thought of as a sterling hedge. The product was designed for expatriates and is less attractive for those who remain here.

JAMES BARTHOLOMEW

Trident Gilt Edged Fund

Invest now in Gilts - 14½% p.a. gross yield plus prospects of substantial capital growth

By combining a high initial yield with prospects of substantial capital growth, British Government Securities (Gilts) almost certainly present the investment opportunity of a generation.

Investment in Gilts

The Trident Gilt Edged Fund is invested in Gilts which are guaranteed by H.M. Government, and yield 14½% p.a. gross. Re-invested, this income provides significant capital growth.

Further, a direct relationship between yields and capital values creates prospects of additional capital growth. As interest rates fall Gilt Edged prices (capital values) rise.

And it is a generally shared belief that interest rates in general—and yields on long-dated Gilts in particular—must fall over the next few years.

Long-dated or Short-dated Gilts

Since last November MLR has fallen from its historic high of 15% to the current level of 12%.

The initial effect of this on the Gilt market has been to bring down yields on Shorts. At 14½% yields on Longs are still extremely high. In addition Longs are more volatile than Shorts and liable to show greater capital gains. A change of 1% in the yield of a Short could produce a price movement of 3-3½%. A 1% change in the yield of a Long could make a difference in the region of 6½-7%. This is the reason that the Trident Gilt Edged Fund is such an attractive investment despite the falls in MLR.

Capital growth prospects

If, for example, interest rates fall to 11% over the next three years the growth arising as a result of the fall in yields plus re-invested income will produce a combined growth of 44% in the value of an investment in the Trident Gilt Edged Fund net of all charges and after normal tax within the Fund.

On final encashment there is no liability to basic rate tax whatsoever. Tax on the growth element will be paid only by those liable to higher rates of tax or the investment income surcharge at the time. You may be able to reduce the liability by cashing your Bond in a year when your income is low.

The need for management

The long end of the Gilt market is very volatile, and the need for active professional management is paramount if maximum capital growth opportunities are to be taken.

For example, although our long term strategy is to be in long-dated Gilts, if it looks likely that yields on Longs are about to rise in the short term, the Managers would aim to move the emphasis of the Fund into Shorts or even cash and then back to Longs when the probability of falling rates has returned.

Trident's track record in Gilts

The Trident Gilt Edged Fund was launched in November 1976. Since then the price of units has increased by 11.4%. This is a very short time scale, but another Fund under management is the Guaranteed Managed Fund. Since its inception in 1973 it has been invested exclusively in Gilts and cash deposits.

The graph shows the performance of the Guaranteed Managed Fund and compares it with the Financial Times Actuaries 20 Year Government Stocks Index.

Regular cash withdrawals

Following the same yield assumptions, a basic rate taxpayer could safely withdraw as much as 10% per annum of his initial investment. He would have no personal liability to basic rate tax and could still see his money grow by 10% over the three year period net of all charges.

Even a higher rate taxpayer could withdraw up to 5% per annum of his initial investment with no immediate personal liability to tax. His investment would still grow by 27% over the period, although a tax liability might arise on final encashment.

No guarantees

We stress that the results of an investment in the Fund depend on the future movement of interest rates, and that the figures quoted are merely examples. Unit values could fall as well as rise, but we repeat our strongly held belief that interest rates will fall significantly over the next few years and that an investment in the Trident Gilt Edged Fund will prove very profitable.

How to invest or find out more

You can invest in the Trident Gilt Edged Fund simply by completing the application form. Your bond document will be forwarded to you within the next few days. Alternatively, if you would like to find out more, simply fill in your name and address on the form and we will contact you.

All figures quoted in this advertisement were correct at the time of going to press, 24/2/77.

Unit allocation and charges - The Trident Gilt Edged Fund is one of the Trident Managed Portfolios of investment funds and is a single premium unit trust with a life assurance policy. The whole of your investment is applied to secure units in the Gilt Edged Fund at the other price ruling on receipt of your cheque and application form. The other price includes an initial charge of 5% plus a small rounding up charge calculated on unit trust principles. We also receive an annual charge of 1% of the value of the Fund to cover the cost of the life assurance and administration.

Withdrawal plan - If you invest at least £1,000 you may make regular withdrawals from your Bond. Sufficient of the units allocated to your Bond will be encashed and provided the cash sum produced does not exceed 5% per annum of the initial investment it will be free of all taxes at the time of withdrawal for a period of 20 years. These withdrawals will however, be taken into account in calculating any liability to the higher rates of tax on final encashment of the Bond. The benefits to higher rate taxpayers and the detailed taxation are set out in the booklet.

The number of units allocated to your Bond will obviously reduce each time a withdrawal is made but provided that the unit price increases a rate higher than that of the withdrawal your Bond will increase in value.

Switching your investment - You may switch your investment from the Gilt Edged Fund to any one or more of the six other investment funds in the Trident Managed Portfolio. This does not involve any personal tax liability and can be done on extremely favourable terms. Full details are given in the booklet.

Cashing in - You can cash in your Bond at any time for the full balance of the units then allocated, based on the prevailing unit value on the day following the request for encashment.

Full details are available from the Company on request and are included in the booklet which will be sent to you with your Bond document.

Life cover - Your Bond will automatically include life assurance cover. Normally, the death benefit is a multiple of the cash-in value of your Bond and is dependent on your age at death. For example, if death occurs prior to age 36 the multiple is 250%, at age 50-130%, at age 60-111% and at age 70-104%.

Termination - Income accumulated within the Fund is subject to tax at the life assurance company rate and you have no personal liability for basic rate tax. Similarly, you have no liability for Capital Gains Tax. A liability to higher rate tax and investment income surcharge may arise if you are subject to these taxes at the time of your death or when you cash in your Bond.

To: Trident Life Assurance Company Limited, Riverside House, Whitefield Street, Gloucester GL1 1PG Gloucester (0452) 36541. Registered Office: 15 Hanover Square, London W1A 1DU. (Registered Number 830572 London).

(BLOCK LETTERS PLEASE)

1 I wish to invest £ [] (minimum £200) in the Trident Gilt Edged Fund and enclose my cheque for this amount.

2 SURNAME _____

FORENAMES _____

ADDRESS _____

FULL TITLE _____

4 DATE OF BIRTH [] [] [] [] [] []

OCCUPATION [] [] [] [] [] []

Are you an existing policyholder? YES (NO) (Delete as necessary) Are you in good physical and mental health, and free from the effects of any previous illness or accident? YES (NO) (If no please attach details. The statements above are true and complete and are the basis of my contract with Trident Life.

8 DATE [] [] [] SIGNATURE _____

9 AUTOMATIC WITHDRAWAL PLAN (Minimum investment £1,000) Please arrange a withdrawal of [] % of bond value p.a. or [] % of initial investment p.a. Delete whichever is not required. Payments to be made: [] Annually [] Half Yearly [] Quarterly (min investment £4,000) [] Monthly (min investment £6,000). Please insert details of bank to which income payments should be made commencing on [] [] [] [] [] [] Insert month in figures/year first payment required.

10 Bank Sort Code _____

Account Name _____

Account Number _____

Note: This offer is based on legal opinion regarding current legislation. The offer is not available to residents of the Republic of Ireland.

FT 24/2/77

Trident Life

Investment management by Schlesingers

Finance and the family

Insurance

Outside the rent act

BY OUR LEGAL STAFF

Under *Outside the Rent Acts* on January 8, you stated strongly that tenants whose lease involved them sharing premises with each other were not subject to the provisions of the recent Rent Act. The C.A.B. and Rent Officer here have told me you are wrong and that the sharing must be with the landlord. Can you please tell me who is right? We are firmly of the opinion that both the CAB and the Rent Officer are wrong. The Rent Act 1968 deals specifically with both the case where the sharing is with the landlord (Section 101) and the case where the sharing is with someone other than the landlord (Section 102). If sharing is of the latter kind and is in respect of the whole of the premises, the Rent Act does not apply: *Goodrich v. Paimser* [1957] AC 65.

Transmission of tenancy

My wife inherited a house occupied by three brothers, who acquired the tenancy on the death of their mother. Are there rules to say which of the brothers is the legal tenant, or can it be considered a joint tenancy where rent control is not operative? There cannot be joint tenants where the tenancy is one claimed by transmission. The Rent Act, 1965, provides (1st

Schedule, paragraph 3) that the person who is to have the tenancy should be decided in default of agreement by the County Court. You should therefore call on the three occupiers to decide among themselves, and to notify you in writing, who is to have the tenancy. If they do not do this within a reasonable time you can apply to the Court for a determination.

Exchange control and a resident

Although I am continuously employed abroad, I am classed as a U.K. resident for exchange control purposes. If I buy Hong Kong dollar stocks and shares for monies named thus, are they required to be held to the order of an authorised depository in the U.K.? If so, could the proceeds of a sale of such shares, prior to my returning to take up residence in the U.K., be retained in Hong Kong? Would I be involved with the currency premium, if I sold such shares prior to my return? As a resident of the U.K. for exchange control purposes you would certainly be required to hold any foreign currency securities with a U.K. authorised depository. While working abroad, we believe you would be able to keep foreign currency earned abroad, though

this would have to be remitted on your return to the U.K. Investments purchased out of overseas earnings would not be affected by the investment currency premium.

Wife and husband debts

Referring to your reply of January 8 under Responsibility for Wife's Debts, can a wife be held responsible for her husband's debts, and would this responsibility be affected by his desertion, or insanity? Unless a wife expressly holds out her husband to her agent she would not be responsible in law for debts incurred by him. This would not be affected by his desertion or incapacity.

Trustees and tax liability

The trustees of a fund set up for the benefit of my minor son contend that they are accountable and liable for the tax on income earned by the fund and must pay the income net. I contend that they can invest in government stock via the Post Office, which would mean the income was paid gross and the trouble of reclaiming tax was avoided. Do you not agree? We agree that payments of

gross income could be made in the manner which you suggest, and the trustees would not be assessable because the income would be paid directly to the beneficiary. See Sections 67-69 of the Income and Corporation Taxes Act 1970.

Building allowances

My wife and I own as tenants in common a factory, which is likely to be vacated shortly, when we will probably sell it. It cost about £28,000 and is now worth about £50,000. Could you say how would industrial building allowances received and set off against rental income amounting to some £4,000 initial building allowances, plus about £7,000 in annual allowances, be treated for capital gains tax purposes? Our property is left to our children. How would their allowances be treated for tax on the death of one or both of us? Would your answer be different if we were joint tenants instead of tenants in common?

On a sale at a profit, the whole of the industrial buildings allowances (initial and annual) will be recovered by a balancing charge—an income-tax assessment under case VI of Schedule D. The tax collected on the balancing charge may, of course, be more than the tax relief obtained year by year in the past. The profit will be chargeable to capital gains tax. On the figures you give, there would be a case VI assessment of £11,000 and a capital gains tax assessment of £23,000 (sub-

ject to the rules for any expenditure incurred before April 6, 1965). If the building were relet for a qualifying purpose reasonably soon, then there would probably be no balancing charge (or allowance) until it was disposed of by your children, for example in the circumstances you outline, the conversion of the tenancy-in-common to a joint tenancy would not significantly alter the IBA and CGT position.

An external account

Incidentally, it apparently remains the Chancellor's intention to reintroduce CGT on death during the life of this parliament. Your questions involve complex areas of tax law and this reply is necessarily simplified; indeed the limited data preclude a full reply. However, we hope it will help you to interpret advice received from other sources.

A letting to spouses

Following your recent replies about the Rent Acts not being applicable in the case of shared tenancies even, I suppose, of an unmarried couple if both a husband and a wife signed an agreement regarding a furnished flat would that put the letting inside the Act? Are you saying that such people could be set out, without having to go to court? You would in any event not be entitled to recover possession of a dwellinghouse (including a flat or room in a house) otherwise than by proceedings in Court, if the tenant or occupier

will not leave voluntarily. Sections 30-32 of the Rent Act 1965. The difficulty in effecting a letting to spouses who are to share occupation of the premises is that the law has for a very long time accepted that a letting to one person includes a right for members of his immediate household to share his occupation; and the sharing of which the Courts have held to be outside the Rent Acts is sharing with someone who is not part of your household. It may well be that the Courts would hold that a sharing between man and mistress is likewise not outside the rent acts.

Values and losses

Though I am a U.K. resident for income-tax purposes, I am allowed to operate an external account. Would it therefore be able to buy foreign securities without going through the investment currency pool? We think you must assume that the fact that you have been allowed to have an external bank account indicates that you are regarded as non-resident for exchange control purposes. However, you should check this point with your bank before undertaking any action on this assumption.

No legal responsibility

Can a legal responsibility be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Education

Teacher tangle

DR. WHO, Secret Agent X9 and other cliff-hanging heroes of television and cinema have made some impressive public escapes from the perils they have got themselves into. But I doubt that any will compare with the virtuoso escape that Mrs. Shirley Williams will need to make from the toils of the debate on educational reform.

This week the Department of Education and Science released a report on the composition of the teaching force in this country's secondary schools. Based on answers by nearly 500 head-teachers who were surveyed last year, the document shows a net shortage of 1,774 teaching staff, which seems an improvement on the corresponding 2,919 in 1975.

But the improvement is an illusion. The heads were asked to differentiate between their needs of graduate teachers of the one hand, and non-graduate staff on the other.

They replied that they were short of 6,828 graduates, a worsening from the 5,941 in 1975.

What reduced the net shortage to only 1,774 was that the heads considered that their schools had 5,054 too many non-graduate teachers, which is also a worsening from the 3,022 surplus in 1975.

So, instead of closing the gap between what the schools have and what their heads think they need has widened on both sides. But that is not all, because the heads were also asked to report their possessions and wants in various different subjects.

Their answers showed that, despite the overall non-graduate surplus, they were lacking 277 sub-degree staff equipped to give remedial lessons to backward

Narrowing	No. of staff reported lacking since 1975	
	1976	% survey
Handicrafts	206	46
English	696	25
French with German	347	23
Geography	168	21
Gen. science	228	7

Widening	No. of staff reported lacking since 1975	
	1976	% survey
Remedial education	451	167
Engineering	161	104
Music	409	87
Physics	725	81
Home economics	161	23
Mathematics	1,859	18
Chemistry	168	13

children, 208 capable of teaching business studies, and 137 skilled in handicrafts.

The graduates were in short supply virtually throughout the curriculum. But in some topics the position had improved since 1975, whereas in others it had got worse. The changes in the dozen most affected subjects are shown in the table. In general, it seems that the composition of the teaching force in secondary schools is moving in rather the opposite direction to the one publicly desired by the Prime Minister when he started the debate in October, and by Mrs. Williams who thereafter assumed the hot seat with every appearance of willingness.

If, before the next General Election, the Government is to be seen to be taking the steps necessary to put right the education system's more glaring faults, Mrs. Williams surely cannot avoid tackling this worsening mismatch among teachers. But it is hard to see what effective measures are open to her, especially since the mismatch is self-compounding, with a discrepancy in any particular subject in one generation tending to produce a greater discrepancy in the next.

It seems doubtful that enough of the needed specialists, particularly those in demand outside education, could be attracted into the schools. In theory one promising lure would be higher pay in the understaffed subjects, but that would be strongly opposed by

the major teachers' unions seeking, and the natural wastage among teachers, including the thousands of surplus non-graduates, is drying up. This week's report also shows that a recruitment programme to the number of vacant posts per recruit and train the missing staff from appropriately qualified people among the older unemployed.

But even if a sufficient source could be found and used, how long would the education in a period when the education system is being kept short of money could room for the extra who are in the majority—from teachers he found in the schools?

The unions would not permit

more than worthy of the best inventor of cliff-hanging serials. The scriptwriter's solution, of course, would be simple: with one bound she would be free. We can only hope the Education Secretary will find something less cynical and more convincing than that. It is, however, hard to see how she can do so without equally convincingly rebutting some of the cherished beliefs and traditional support of the Labour Party—which, incidentally, I have never yet voted against.

So Mrs. Williams looks to be trapped in a circular problem

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MICHAEL DIXON

FT Sotheby

IN PARIS, between the years 1906 and 1908, two painters, one Spanish and the other French, evolved a style of painting known as Cubism. These two, Pablo Picasso and Georges Braque, exhibited their new work, together with that of another Frenchman, Fernand Léger, at the Salon d'Automne in 1910. The following year, Picasso's friend and fellow countryman, Juan Gris, executed his first Cubist works, and thus brought to completion the initial force behind one of the most significant movements in the history of western art.

Not surprisingly, the style was rapidly taken up in most of the major countries of Europe and produced its own version, often based on intellectual and political stances widely differing from the original Paris group. Even in France itself, the many artists loosely categorised as working in the Cubist style in the years before the First World War were from differing artistic backgrounds, held different views and had widely disparate degrees of talent; by 1913, Guillaume Apollinaire, one of the earliest champions of the new style, was able to differentiate four types of French Cubism, although his categories are now considered extremely eccentric.

In Holland, Cubist paintings were first exhibited in 1911, and had considerable influence upon one artist, Piet Mondrian, the most important figure in the Dutch 20th century art. In Germany, the American born Lyonel Feininger and the members of the Blauer Reiter group—Franz Marc, Heinrich Campendonk, August Macke, Paul Klee and Wassily Kandinsky—were obviously influenced by Cubism but looked upon it as a passing phase. In Czechoslovakia, there was a very fine and important group of Cubist painters, called the "Group of Avant-Garde Artists," which included Emil Filla, Vincenc Beneš, Bohumil Kubista, Antonia Prochazka,

Vorticist enigma

Josef Capek and the sculptor Otto Gutfreund, all names, alas, too little known in the west. In 1911-12 in Russia, the painter Michel Larionov began painting in a style which he called Rayonism and which was defined by the poet Mayakovsky as "a Cubist interpretation of Impressionism." This style attracted the leading avant-garde Russian painters—Gontcharova, Malevich, Tatlin, Popova and Udal'tsova—and was to lead directly to that Russian form of abstract painting called Suprematism (Cubism was, of course, a stepping stone to abstraction in most countries with the curious exception of France itself.)

In England, the initial contact was not with Cubism but with Futurism through the ubiquitous Marinetti. The English movement attracted an extremely talented group of young painters and sculptors including Percy Wyndham Lewis, the self-elected leader, the sculptor Henri Gaudier-Brzeska, Edward Wadsworth, William Roberts and David Bomberg. The spokesmen, through the short lived manifesto-magazine *Blast*, were Wyndham Lewis and that omnipresent champion of worthy artistic causes, the American poet Ezra Pound. It was these two which gave the movement its name—Vorticism. In the past, Vorticism has been casually written off as a minor and provincial instance of the spread of Cubism. Such a view is understandable but hardly justified. The English movement produced much that was truly excellent—in painting, graphics, sculpture and literature—and deserved more serious study. That has now been rectified by the appearance of Richard Cork's two lavishly produced, splendidly researched and crisscrossing expensive volumes, *Vorticism and Abstract Art in the First Machine Age*. As quickly becomes obvious from reading Mr. Cork's lucid text (a welcome change from

modern art history's unique opacity of diction) the Vorticist movement was hardly a movement at all, despite Wyndham Lewis's egotistical attempts to make it one; all the artists were young and filled with a reforming zeal as strong as it was individualistic. Their ideas could not be circumscribed by a particular set of influences. As Richard Cork points out, the artists were not so much interested in forming a tight-knit group with a common aim—as were the Futurists and Rayonists—as in "disengaging art from outward representational conventions." Thus, their aim was revolution against the English art establishment, not the formation of a new and unified style.

Vorticism remains, despite Richard Cork's documentation, an enigma for the art historian and also for the collector. In its few years of life, some of the artists experienced financial success, others none. The voracious American lawyer John Quinn purchased many of the finest works, which were dispersed in sales at the American Art Association in New York in the 1920s, after his death; the majority have since disappeared. Many of Wyndham Lewis's best early pictures, once in the collection of the amateur artist Richard Wyndham, are also lost, the latter having been killed in Israel in 1947. A large number of works were destroyed by the artists themselves, since there was little possibility then of their ever having any financial value, especially after the outbreak of war. Some of the artists, indeed Gaudier-Brzeska, did not survive the fighting and others, such as Cuthbert Hamilton, gave up painting when peace was restored. Richard Cork: *Vorticism and Abstract Art in the First Machine Age*, Gordon Fraser, two volumes. Volume I: Origins and Development, £29; Volume II: *Synthesis and Decline*, £37.

Diary of a small investor

THE METHOD IN ACTION: 1961-72

By this time I was following rules from which I subsequently rarely departed. I looked for high-yielding shares either in a depressed sector of the market or, more usually, where the company had struck a bad patch. On the footing that you can't buy the lot I preferred shares where net assets substantially exceeded the market price. My indispensable guide was the high-low column Yesterday's market price, it has been said, is so much water under the bridge. For me, this is like studying a set of accounts without the corresponding figures for last year, or the Five-year Record. The question for me was whether the company's former high rating seemed justified and, if so, was the current low justified by subsequent events? I always took a three-year view—very often the shares had more than halved in price; could I see them doubling in the next three years? Here, of course, there is no substitute for sound judgment, for by no means all shares recover.

In August, 1962, Furnells, who had made a one-for-one bonus issue in December, 1959, agreed a seven-for-four exchange with British Coated Board, valuing the latter at 35/- per share. Between January, 1962 and October, 1963, I sold my 3,100 Furnell shares for £3,183, realising a gain of £2,409.

In 1963, with the face of capitalism doubtless becoming increasingly acceptable, I severed my link with the Labour Party by terminating my 23-year membership of the Fabian Society, following publication of my Fabian Research pamphlet "Too Many People"—primarily an appeal for selective immigration—and its failure to evoke any response.

In 1965 I bought 5,000 Dimplex at prices around 3/3d, and by the end of that year I had sold 3,500 for a gain of £278. When the shares fell back again I bought back 2,500 at 3/14d in April, 1967. But poor results the following year sent the shares plummeting to a new low of 2/6d. In February, 1968, I bought 10,000 more at 2/5d. For once my

Next Saturday: Part 4, The Testing Years, 1972-76

The third instalment of a five-part history which began with the investment of £1,000 in the early fifties, supplemented by the gift of a further £1,000 worth of shares in the late fifties, plus £1,000 cash borrowed in 1959. On August 1, 1961, Mr. Carter's portfolio comprised 17 holdings, market value £6,631.

nerve failed me and I sold out later in the year for a net loss of £37. Within little more than three years the shares of the company (a brand-leader in its field) climbed to a peak of 10/-.

It was clearly in the utmost depths of the bargain basement that the greatest gains were to be made. Having already purchased 750 Southcoats—one of the market's fallen idols—at around 7/6d in 1966, the company's affairs seemed to go from bad to worse. In February 1967, following further bad news, I bought 1,000 more at 2/6d. The company under its new name of Anderton-Force never looked back, and I sold out in February-May 1970, on a depressed Stock Market, for a gain of £1,211.

In February, 1965, I purchased 2,000 Grovewood, another former favourite judged by the market to have gone ex-growth at 2/10d, followed by a further purchase of 4,000 in June, 1968, at 2/8d; the market's judgment apparently confirmed with profits on a plateau. The market was soon proved wrong, and I sold out in May, 1970, for a gain of £1,043.

From October, 1961, to May, 1972, when the market peaked at 540, I made 227 purchases costing £59,760 and 153 sales realising £56,890. Gains totalled £23,619 and losses £5,355. But £3,089 of these losses were made on sales to my children's Trust to establish a C.I.T. losses—subsequently disallowed by the Revenue because they were sales to "connected persons." For once, too clever by half.

My purchases included the investment of a £2,500 legacy on my father's death in 1970, partially offset by repayment of the £1,000 loan from my mother-in-law when she died in the same year.

My portfolio at 31st May, 1972, comprised 28 holdings, market value £31,278. I also held about £9,000 in cash from realisations.

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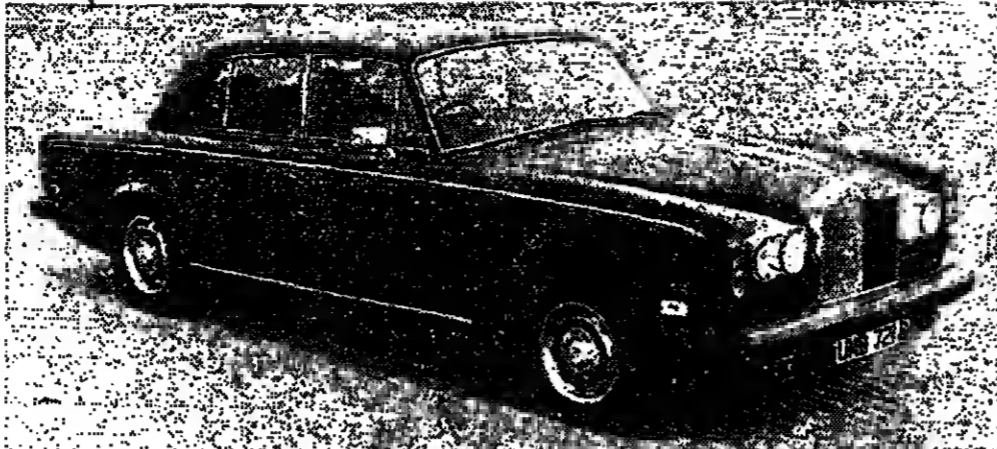
Best car in the ...

BY STUART MARSHALL

EW CAR from any manufacturer. The handling, though, is interesting but not of the kind that made a deduction of a new Rolls-Royce man and exclaim: "It is just like a Mercedes." It is just like a Mercedes. The R-R man winced, but I have been produced for more than 11 years. It was his way of saying that a owner of an earlier Silver Shadow II has better steering and nimbler handling than any previous Rolls-Royce. For roadability, it compares with the best that Stuttgart can offer.

The Silver Shadow was introduced in the autumn of 1965 with the soft suspension and low geared, effortless steering American buyers were considered to favour. Five years ago the front suspension was modified so that radial ply tyres could be fitted. It improved the handling so that one no longer felt that the first half-turn of the wheel steered the flexibly mounted sub-frame and the next half-turn began to steer the car.

The latest changes are more radical—they include Rolls-Royce's first rack and pinion steering system—and the results are dramatic. When I tried the



Shadow II in Andalusia last week, it felt as snug at ease when driven hard on the winding, hilly roads as any big Mercedes saloon would have done.

Steering response is now instant and there is just enough feedback through the wheel to let you know the kind of surface the fat radial tyres are rolling on. There is much less roll on corners; driven energetically enough to set up an expensive-sounding bowl from the tyres, the Shadow II leans modestly.

On the debit side, rear seat passengers are never unaware of being driven over bad roads.

There is room for improvement in the absorption of tyre hump—one reason, perhaps, why Rolls-Royce still use textile belted, not steel belted radials.

Although the improved banking and roadholding could make the Shadow II a quicker car from point to point than the former model, its performance is unchanged. The 6.7-litre V8 engine of undisclosed output ("sufficient" is the word R-R use to fend off inquiries about brake horsepower) gives a maximum speed of a little more than 115 m.p.h. and 0-80 m.p.h. acceleration of under 11 seconds.

At higher speeds the air dam is said to reduce aerodynamic lift significantly, improving stability and, especially, resistance to gusty side-winds, by keeping the front wheels pressed more firmly on the road.

A new type switch for the speed control is built into the end of the transmission selector. It has the previous "set" and "resume" device to allow you to choose a cruising speed, and to regain it automatically after check braking. But now you can also turn it like a radio, to volume control, to advance to any chosen cruising speed. Another nice touch is the replacement of the conventional speedometer drive cable by an

electronic link which, R-R say, is more reliable and removes a source of noise transmission. The mileage recorder reads up to 999,999 miles, showing Rolls-Royce's almost arrogant belief in the longevity of their products.

Fuel consumption is something no Rolls-Royce owner should have need to think about. If he is worried about anything so mundane as miles per gallon, he can't afford the car. But, for the record, it is between 10 mpg in town and 17 mpg on the open road.

A number of new colour schemes have been introduced. One of the cars I drove looked splendidly dignified in the bright Spanish sunshine in metallic bronze and dark brown leather. The other, painted in dno-tone chocolate and cream, would have delighted a Great Western Railway buff.

The price of a Silver Shadow II (or a Bentley T2, identical apart from its radiator shell) is £22,800, an increase of £3,147. It is a huge sum of money, but to regain it automatically after members of the meritocracy and their favourite motor car this can also turn it like a radio, to volume control, to advance to any chosen cruising speed. Another nice touch is the replacement of the conventional speedometer drive cable by an

Golf

PGA on the move

BY ROGER PAUL

IN JUST one month's time professional golf in this country will have a new headquarters. The PGA are moving from their inapposite offices at cricket's Kennington Oval to north Warwickshire and the spacious and luxurious surroundings of the Belfry, ten miles north-east of Birmingham's city centre. There they will find themselves alongside both a 60-bedroom hotel and two 18-hole courses, the Brabazon and the Derby, which seem destined to become a focal point for all golfers, of whatever standard, in this country.

Even before the complex opens there are distinct signs that the whole project will be an enormous success. Ellerman's and Greenall Whitley, who contributed, respectively, £3.5m. and the hotel and site, expect the hotel to reach profitability by June of this year, only eight months after it opened.

Brian Cash, chief executive of the Belfry, says that every time the nearby National Exhibition Centre is operational they can sell their 60 bedrooms five times over. The banqueting side, too, is booming, as one might expect from a hotel of this kind only five miles from the NEC.

The golf side will take a little longer to reach steady state. "Even if we got 100,000 people wanting to play in the first season, we could not accommodate them," says Cash. "We plan to restrict the rounds of golf played to about 15,000 to 20,000 in total on the two courses for the first year. The second year we can move it up to approximately 50,000 and by the third end of those three years we should be seeing some return on the investment."

Already, societies from all over the country are applying to play at the Belfry and there are over 100 bookings already secured between opening and the end of the year. "I think," says Cash, "that we have a good sales mix. The courses should be used by hotel guests, societies, holidaymakers and so

on from Monday to Thursday and then, when most hotels fall quiet, at the week-end, we shall have the local golfers playing here."

The two courses are designed to accommodate all standards of golfer. Both will be open to everyone on payment of a green fee, although to play on the Brabazon course it will be necessary to prove that you have at least played before.

The Brabazon is the championship challenge, the Derby a slightly more accommodating course. Brian Cash is keen to emphasise that the Brabazon can be played by club golfers and that they are not going to lose every golf ball they possess every time they play it. Hugh Lewis, the former PGA captain and the newly-appointed professional to the Belfry, puts it more colourfully. "People must not think of the Belfry, or the Brabazon, as the Coldest of the golfing world. We don't want them to think that they've got to get across a moat to get here, or that when they arrive they are going to be positively vetted or have their fingernails inspected.

"This is a commercial venture and the only way it will succeed is to get the paying customers in. I might end up having to get on my bike, pedal off down to the main road and flag 'em in to play."

Lewis has 18 years' experience of municipal golf, which is the nearest comparison to the type of golf at the Belfry in the sense that there will be no club members, just paying golfers. It is going to be his

job to try and maintain the delicate line between what is acceptable for a commercial enterprise and what is acceptable to the majority of golfers that the Belfry will attract.

It's unlikely, for instance, that he will accept what he calls the Wellington hoot brigade, though he admits that it is sometimes difficult to tell "some great navy, who has taken his shirt off at the 8th because it is hot, to put it back on again. In fact it could be very dangerous."

Lewis thinks that the problem of who is to be allowed to play on the Brabazon courses will very quickly sort itself out. "I'm not going to start querying letters of credentials, but if the blinks can't play he'll probably lose 300 balls in six holes and he'll not want to play there again, anyway. In fact, I've got the concession for lost balls in the lakes here and I'm on the look-out for an old motor torpedo boat to beat off the local skindivers who will be looking to make their fortunes."

So the Belfry, one of the most ambitious projects ever undertaken in golf, is close to maturity. The 1981 Ryder Cup is scheduled for the Brabazon course and Pat Dawson of Golf Construction Ltd., who has had the job of putting the Peter Alliss and Dave Thomas design on to the ground, says that there are no problems in getting the course into a fit state for such a contest.

"We have survived two extremes of weather. During last summer's drought we came within ten days of having to start all over again. Now we have had 31 inches of rain on the course since September, which is 5 inches more than the average annual rainfall for the area. But at least it's recharged the water table and as it has at least been mild the grass has never stopped growing."

Nothing, it seems, is going to stop the Belfry from becoming a notable landmark in British golf. It is going to be his

Sailing Changing the rules

BY ROY HODSON

YACHTSMEN WILL have to learn a little book-learning to the chore of "fitting-out" their boats this year before they consider themselves ready to go to sea with safety.

They will have to contend with a new international buoy system marking channels and dangers.

They will be required to design that both being introduced at the time. International titles work in their various ways and timing is necessarily their strong point. But in landsmen's terms the equivalent of the lateral and the cardinal buoyage systems made to drive on the side of the road to the new Highway Code. The new rules and buoys are designed to make the sea a safer place for sailors. Well, they will depend upon them all their homework.

Britain and France falls in honour of starting an international programme to face the various buoyage systems—there are more than 100 in the world—with a unified system which has worked out by the International Association of Light Authorities. Trinity and the French authorities will be changing all the in the Dover Straits area in April and August. It is cases they hope to be able to time by giving the buoy aint out at sea. By 1981 an is that all nine buoy systems at present installed in European waters between the Bay of Biscay and the Baltic replaced by the single system.

There are two novelties about the IALA buoyage. It extends the logic of ship's navigation lights (red for port and green for starboard) by adopting those colours for port and starboard channel buoys and for the lights fitted to them for night use. One yachtman wrote a strong complaint that he was colour-blind. How would he and similarly afflicted manage? The answer must be that unless he can distinguish red and green lights at sea he already stands a likely good chance of being run down by a vessel at night.

The second novelty is the incorporation in the IALA system of both the lateral and the cardinal buoyage systems. Cardinal buoys—which indicate the direction of the buoy from the danger in terms of a cardinal compass point—will be used to mark isolated dangers such as rocks. They will all be yellow and black, the paint patterns indicating north, south, east, or west. They will have tell-tale top-marks.

The present assembly of a host of gally coloured buoys for different jobs will be largely abolished. Apart from the two types of navigation buoy mentioned above the only other colours you are likely to meet will be isolated danger marks (red and black), safe water marks (red and white), and special marks (yellow). All the old marking jobs done by yellow buoys will be covered by the Matthews, of Trinity House, offers a simple rule for all yellow buoys in the system. "As long as you don't actually hit them you need not worry

about them." He should know. He is the secretary of the International committee which invented the system.

The first thing to say about the new "Rule of the Road" is more properly the International Regulations for Preventing Collisions at Sea (1972)—is that there are 38 rules against 32 rules in the existing format, and that some of them are rather long-winded. But catering for all maritime situations involving anything from a rowing boat to a 500,000 tons tanker has clearly taxed the drafters. The rules come into force in July, four years after first being drawn up.

The best thing in them for yachtsmen is that the tricolour masthead lantern becomes legal in yachts less than 12 metres in length. These lanterns which use one powerful bulb, to give the red, green and white navigating light sectors required, have been proved over the last couple of years to show up a yacht at night much more successfully than separate lights low down near the water and often obscured by sails. But be warned. Yachts using their engines must douse the tricolour lantern and switch to standard navigation lights.

There is a great deal in the new rules that yachtsmen should study about overtaking, keeping clear of bigger vessels in narrow channels, and a new feature—behaviour when in or crossing the traffic separation schemes which are now to be found in the Channel and off many European headlands. With so many small boats at sea nowadays it is perhaps inevitable that clear rules are being to take over from what used to be regarded as good manners by yachtsmen.

Reading: Final Act of the International Conference on Revision of the International Regulations for Preventing Collisions at Sea 1972, Cmd 5471, (Stationery Office). International Association of Light Authorities—Marine Buoyage Systems, (Corporation of Trinity House, Tower Hill, London EC3).

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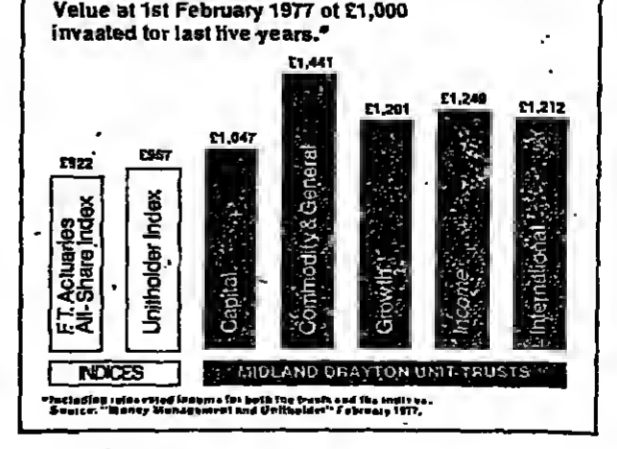
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HOME NEWS

Oil licence negotiations may delay drilling

BY RAY DAFTER, ENERGY CORRESPONDENT

THE OFFSHORE oil industry is faced with a heavy round of licence negotiations following distribution of new exploration and production permits. The workload, which will fall particularly heavily on British National Oil Corporation, could delay the start of the new offshore drilling programme. The Government was hoping that the new licences, covering 44 blocks and part blocks, would stimulate substantial exploratory drilling this year, but now seems that very few wells will be drilled. The negotiations, involving 22 offshore consortia and 63 companies, arise from the inability of BNOC and the U.K. Offshore Operators Association to agree on standard operating conditions covering all the licences. This means that each offshore consortium will have to negotiate a separate agreement with the State Oil Corporation, which is a 51 per cent partner in all the blocks except some allocated to British Gas. As a prelude to these talks BNOC is now distributing a draft agreement, about 120 pages thick, covering many of the objectives disresured with the operators' association. It is reported within the industry that a number of fundamental disagreements prevented the Corporation and the Association agreeing on an umbrella joint operating terms. Oil companies were unhappy about provisions which might, in certain circumstances, have allowed BNOC to go ahead alone with developing some discoveries. Accounting Also, they wanted BNOC to agree that if a field was found which stretched into unallocated acreage, all the members of the consortium would be allowed to bid for the open acreage. Apparently BNOC, which has the right to apply for any acreage at any time, refused to add such a clause to the draft agreement. Third, BNOC is held to want standard accounting procedures for all the licences, which may mean a number of oil companies having to change their systems. Mr. Tom King, Opposition spokesman on Energy, said on Thursday that the failure to agree standard operating terms flowed directly from the "johereot anomalies" in the structure of BNOC. "That is why we shall take the necessary action over BNOC which would enable it properly to discharge its regulatory function without the continuing conflict with its commercial activities". Apart from these agreements, which cover the way the exploration and development programmes are conducted by the individual partners, the consortia have also to agree with the Department of Energy drilling plans for each of the blocks. Amoco is still not sure whether it will be allocated fifth-round licences. The Government has not completely ruled out the possibility that Amoco will be included in the latest round of licences, although the prospects appear to be receding. The group was left out because of its failure to agree participation terms in its existing offshore licences. Both Amoco and the Department have said they are willing to resume negotiations, and they may be resumed next week.

Drawing no pay leaves BNOC chairman free to argue

BY RAY PERMAN, SCOTTISH CORRESPONDENT

LORD KEARTON has not been drawing a salary during his first year as chairman of the British National Oil Corporation, he disclosed yesterday. After a Board meeting in Glasgow, he said that a notional salary for the job had been agreed, but he had decided not to take it. This gave him freedom in recruiting staff. "I have got it agreed that we can take on some executives, if they are of sufficient calibre, on salaries considerably higher than those of Board members. I can argue this with considerable vehemence because I am not personally involved." He was receiving a reasonable pension as a former chairman of Courtaulds, although it was not indexed to inflation. Apart from Lord Kearton, there is only one other full-time member of the 12-member British National Oil Corporation. Mr. Ian Clark, former chief executive of the Shetland Islands Council, and now senior BNOC executive in the Glasgow headquarters. Lord Kearton described as nonsense criticism from Mr. John Major, Conservative MP for Croydon, about the decision to site the corporation's head offices in Glasgow. Although only 24 people were working for the corporation in the city, compared with nearly 300 in London, the number would be built up to about 200 in September. He would be moving to Scotland himself by the end of the year. The corporation had inherited a large number of staff from Burmah Oil and the National Coal Board and he had no power to force them to move. Concerning the oil rig which the Government has asked BNOC to order from Merathool Shipbuilders' yard at Clydebank, he said that recommendations on the type required had been put to Ministers and it was now their decision when to go ahead. Although he would not be drawn, it is believed that BNOC would prefer a Type 385 rig to the less versatile Type 384 which Marathon has built up to now. The cost of the more advanced rig could be as much as 50 per cent more—£20m. against £14m. Our Glasgow correspondent writes: Assurances about the long-term orders prospects for Marathon's Clydebank oil rig yard are to be demanded by the workforce, all but 300 of whom have been laid off or accepted voluntary redundancy. This was decided yesterday at a mass meeting called to consider the effects of the continued delay in confirming the Government-financed speculative rig order. Mr. Bob Dickie, ebop stewards' convenor, said they would be seeking talks with the Government, the British National Oil Corporation, unions and the company, to try and assess the likely future demand for Jack-Up rigs. An announcement is expected next week from the Government on the type of rig to be ordered by BNOC from Clydebank.

Go-ahead for clay extractor

By James McDonald

MR. PETER SHORE, Environment Secretary, has given the English Clay Extractors Association permission to extract ball clay from a 40-acre site in the north of the Aro Peninsula on the southern coast of Pooole harbour, Dorset—a natural beauty spot and a scheduled site of special scientific interest. But the permit requires the company to undertake progressive restoration of the site to carry out landscaping and screening works, and to adopt other measures to safeguard amenities to the satisfaction of Dorset County Council. Mr. Shore also confirmed an order revoking a 1967 permission held by ECC Ball Clays to extract the clay from a site overlapping the new permitted area. The decision was described by Dr. Michael Gene, Director (England) of the Nature Conservancy Council, as "unfortunate" and "a set-back for nature conservation in Southern England." The extension of ball clay working on the peninsula would disturb wildlife areas, he said. Ball clay, found in Dorset and Devon, is used mainly for pottery and ceramics, and Dorset ball clay especially for white sanitary ware and tiles. The U.K. is the world's leading producer and exporter of this ware. Sales of china clay produced in the U.K. for the home market end export were considerably higher during the three months ended January 31 than in the corresponding quarter of 1976-77, the China Clay Association said. In the three months to end January this year, sales totalled 672,576 tonnes (564,342 tonnes in the same period a year ago). Sales directly to the home market amounted to 137,301 tonnes (119,587 tonnes a year earlier) while direct sales to export markets totalled 535,275 tonnes (444,445 tonnes in November-January 1976-77).

Ship-repair yard for 'anonymous' group

A GROUP of unnamed businessmen headed by a former production consultant at Govan Shipbuilders has formed a company to buy the collapsed Upper Clyde ship-repair yard of Alexander Stephens. The company, Clyde Dock Engineering, comes into operation on April 1 and hopes to employ up to 250 men in its first year. Its chairman end moaning director, Mr. R. E. Butler, 56, a Lendener who has spent more than 40 years in shipbuilding and repairing, said yesterday that the backers insisted on "anonymity" for the present. Clyde Dock Engineering is being floated with an authorised capital of £1m. of which £200,000 has been issued. Its working capital will be provided by the National Westminster banking group. It is believed to have acquired all Stephens' assets for about £200,000. Mr. Butler said a main factor in forming the company was the hopes of success where Stephens failed was an "excellent" labour agreement negotiated with local officials of the Confederation of Shipbuilding and Engineering Unions. The agreement provides for an initial two-year strike-free period, any disputes being referred to arbitration, and steel workers' wages which, at £1.85 per hour, are said to be the highest on the Clyde. Other features are unlimited flexibility in the various trade groups and a £50-a-week pay-off payment for up to six weeks in any half-year period if there are no orders. The deal followed two days of negotiation with Mr. Robert Smith, Stephens' Receiver.

Ports heading for profit, says Sir Humphrey

BY KEVIN DONE, INDUSTRIAL STAFF

THE RETURN on deck investment has for many years been insufficient to ensure the future health of the industry, Sir Humphrey Browne, chairman of the British Ports Dock Board, said yesterday. Allowing for inflation, ports had made no profit at all over the years, but this was now being corrected. It was the long-term interest of port users, the ports should give a reasonable return on investment. Sir Humphrey, who is also president of the Institute of Freight Forwarders, told its Liverpool branch that the port industry had overcome considerable problems in responding effectively to changes in the patterns of seaborne traffic. Ports had been faced with an excess capacity of the wrong sort and required heavy capital investment in new facilities. Extraordinary changes had occurred in equipment, methods and manpower. "One million tons of cargo conventionally handled requires 10 berths, extensive sheds, and 40 cranes. The same tonnage in containers requires one berth, considerable land, two special cranes, equipment for moving containers, but no conventional sheds." Costs had been cut by reducing the labour force, modernising handling methods and improving operational efficiency, said Sir Humphrey. Complaints was a vital factor in securing greater efficiency, and this was being created by improvements in transport and communications, which meant that ports now had the whole of the U.K. as a hinterland.

Fund may aid Harland and Wolff

BY OUR BELFAST CORRESPONDENT

THE AILING Belfast shipyard of Harland and Wolff can eventually take advantage of a short-term intervention fund from the Northern Ireland Office similar to that announced by Mr. Gerald Kaufman, the Industry Minister, in the Commons on Thursday. Harland confirmed yesterday that it was negotiating with a major oil company to hold three liquid petroleum gas contracts, and hinted that it might find it necessary to apply for financial aid to help win such an order. The Northern Ireland Department of Commerce confirmed that measures comparable to those announced by Mr. Kaufman would be introduced. It seems the Government's attitude is that Harland must use up all the £80m. allocated to it before making a further application for financial assistance to specific orders. About two-thirds of the sum is understood to have been used. The first hint of a possible new order for the Belfast yard was given in the Commons by Mr. Kaufman, who said he was in close consultation with the Northern Ireland Office about the liquid petroleum carriers. Harland says it has not yet entered for the ships. The vessels are each understood to be about 70,000 tonnes. The company has enough work on the books to take it well into the middle of 1988 but has scoured for other orders for the future. Mr. Masson, the Ulster Secretary, said that measures comparable to those for British shipbuilding, would be needed to deal with the crisis in Belfast. He has set no figure on what assistance might be available, and said that he was not to give the impression that Northern Ireland's purse for shipbuilding assistance is bottomless.

Maxwell decision possible in May

BY MICHAEL LAFFERTY

SIR NORMAN SKELHORN, the Director of Public Prosecutions, will be in a position to decide at the beginning of May whether legal proceedings should be taken against Pergamon Press, the publishing company headed by Mr. Robert Maxwell, former Labour MP. Mr. Peter Archer, Solicitor General, told Labour MPs, Mr. Ken Weeteh (Ipswich) in a written reply that he had been dealing with the case throughout at the request of Mr. Sam Silkin, the Attorney General, who was concerned as counsel in civil proceedings in the matter before his appointment. The Solicitor General had announced in a written reply on February 17 that police inquiries into Pergamon were expected to be completed in a few weeks. "An important aspect of the case" was being looked at, he said then. Police inquiries started six years ago after an 18-month investigation into Pergamon of the Department of Trade and Industry by Mr. Owen Staple, Q.C., and Sir Ronald Leach, senior partner of Peat, Marwick, Mitchell.

Workforce bid to beat takeover

By Terry Wilkinson, City Staff

MANAGEMENT AND unions at Sorex, Birmingham-based cogwheeling group, have swung into action to help the Board fend off a £24m. takeover bid by Associated Engineering. To-day, Mr. Pat Smiley, works convenor at Birmingham, is to meet Mr. Roy Hattersley, Secretary for Prices and Consumer Protection, whose Sparbrook constituency contains a Sorex factory to present a petition asking him to stop the bid. An employees' association has been formed, with Mr. Smiley as chairman, representing 5,000 employees who have so far contributed 25p each to a fighting fund. Mr. Smiley said yesterday that he was "very concerned about the social aspects of the takeover, and the bearing in mind the jobs already lost in Birmingham by take-overs. Associated Engineering's assurances on employment and investment did not go far enough, he added. He was particularly concerned about the vulnerability of Sorex's radiator manufacturing in Manchester, employing 100 people, and the hard pressed Tubes division. A Management Action Group, under the chairmanship of Mr. Michael Burt, of Sorex Heat Transfer, has also been formed, to urge the commercial disadvantages of the proposed merger.

AA fees rise

The Automobile Association is to raise the cost of full membership from £9 to £10 a year from April 1, it announced yesterday. The rate for the additional relay breakdown service will go up from £3 to £5.50, the association said.

Pay restraint

Professional people are being ignored in the discussions between the Government, the TUC and the Confederation of British Industry on the further extension of pay restraint and taxation changes. Mr. John Phillips, president of the Institute of Chartered Secretaries and Administrators, said last night.

Insurance cover

A form of insurance designed to indemnify employers against compensation awards made by industrial tribunals for unfair dismissal of employees has been launched by Storer and Co., a firm of insurance brokers.

Coal decision

The East Midlands Economic Planning Council yesterday called on the National Coal Board to make an early decision on mining the Vale of Belvoir where an estimated 300m. tons of coal is accessible.

Rhodesia funds

There is little hope of blocked funds in Rhodesia being related to their legal owners in the U.K. in advance of a constitutional settlement, Mr. John Tomlinson, Under-Secretary for Foreign and Commonwealth Affairs, said in the Commons yesterday.

Profit sharing

Lloyds Bank has commissioned consultants to advise on schemes, in which the staff can receive additional reward in relation to the profits of the Lloyds Bank group.

OVERSEAS NEWS

China lets unorthodox voices speak again

By Colina MacDougall

THE recent re-emergence of the united front body of the 1950s, the Chinese People's Political Consultative Conference, and the reception by Shanghai leaders of unspecified "representatives of religion," indicate a slight thaw in China's political atmosphere, presumably part of Chairman Hua Kuo-feng's policy to utilize all that can be utilized in the interests of a more stable society. The recognition of the CPCCC and of the existence of religion recalls the freer atmosphere of the 1950s, a period which Chairman Hua referred to indirectly by publishing one of Mao Tse-tung's most flexible speeches, the ten great relations' discourse in 1956. In how to handle the ten major areas of conflicting interest in China. At the Spring Festival (Chinese New Year) celebrated last week-end the CPCCC national committee gave a party for Chinese leaders at the Peking Hotel. The attendance of Vice-Chairman Yeh Chien-yang, second in the hierarchy to Chairman Hua, and Vice Premier Li Rui, indicated the status of the Peking leadership, apparently wishes to confer on the organisation. Since December the activities of members of the CPCCC have been recorded on several occasions after years of questioning. In the 1950s the CPCCC included representatives of national organisations and existing political parties, such as members of the Kuomintang who had not fled the country. At no time did it have real power, but its existence brought to the fringes of officialdom people with views somewhat different from those of the party hierarchy. Its resurgence now may be connected with a wish to woo the Chinese diaspora. Although it is not clear which religion was represented at the Shanghai meeting, it seems unlikely to have been Islam. Muslims in China receive some official recognition because of the importance of Peking's relations with the Third World, while Buddhism is tolerated as for political reasons is given some official status. Christianity, which had a following in Shanghai because of its semi-colonial past, appears to have been dormant since the cultural revolution, although Protestant churches reopened in Peking in 1972, mainly for diplomatic use. Reuters adds: The Soviet Union has given up hope of an early breakthrough in the Sino-Soviet border talks and has recalled its chief negotiator, Deputy Foreign Minister Leonid Ulyshin, from Peking. Chinese officials have told diplomats Mr. Ulyshin will leave Peking soon and that the talks are still deadlocked. The news was first reported by analysts in Peking. Since Mao's death last September, Peking has shown no apparent interest in a rapprochement with Moscow and has continued its anti-Soviet propaganda.

Portuguese 200 mile limit

By Our Own Correspondent LISBON, Feb. 25

PORTUGAL is planning to extend territorial waters to a 200 mile limit. The minority Socialist Cabinet yesterday approved a draft Bill to this effect, which will shortly be presented to the Assembly of the Republic. Since political parties have been calling for an extension of national waters, it is unlikely that the Government proposals will meet with any resistance. The Bill will empower the Portuguese State to manage and preserve natural resources of the deep sea and protect national fishing in recent years, Portuguese waters have been heavily exploited by foreign, modern fishing vessels which are old-fashioned, ill-equipped. Portuguese vessels have not been able to compete. THE JAPANESE Government to-day refused to recognise a new Soviet fishing zone that includes waters off four Soviet-held islands claimed by Japan. The Soviet Union announced yesterday that a 200-mile fishing zone will go into force from March 1 along its Pacific and Arctic coasts. Government sources here said Foreign Minister Ichiro Hata described the Soviet move as "grave" in a meeting to-day with Prime Minister Takao Fukuda. Reuters

Japanese snub to Russia

BY OUR FOREIGN STAFF

MR. JAYAPRAKASH NARAYAN, the 74-year-old Indian Opposition leader whose attacks on Mrs. Gandhi have become influential because of his popularity and moral stature in the country, was taken to hospital yesterday after falling seriously ill. He suffers from an acute kidney complaint which has required his spending every other day with a "kidney machine." The Opposition Janata party leader said he was under party orders to go to hospital, a popularly known, will need an operation and has cancelled all election engagements until March 2. He has also been advised to rest completely for three weeks before being sent to his public meetings have to be postponed.

Danish Cabinet moves

BY HILARY BARNES COPENHAGEN, Feb. 25

PRIME MINISTER Mr. Anker Jørgensen to-day reshuffled his minority Social Democratic Government in a move which marks the end to his post-election efforts to form a majority coalition Government. The new Cabinet has 18 members compared with 14 in the old Government. The major change is the transfer of former Minister Mr. Ivar Nørgaard to the Ministry of Commerce, Foreign Affairs will once again revert to the responsibility of a single Minister. Mr. J. B. Andersen will have the help of Mrs. Lise Østergaard, a professor of child psychology, who becomes Minister without Portfolio, with special foreign affairs responsibilities. The Finance Ministry continues under Mr. Knud Hjeltnes and the Economy Ministry under Mr. Per Haekkerup and Mr. Orla Møller continues as Defence Minister. The Government is, meanwhile, continuing to try to reach agreement with other parties on four issues which are crucial to the success of its income policy: defence spending, housing subsidies, and employment. Progress is expected after last week's election success that the Government would have no problem reaching agreements on these issues, but so far the negotiations have proved extremely difficult.

No intervention for yen-Fukuda

By Our Own Correspondent

Japan will not intervene on foreign exchange markets to halt further appreciation of the yen against the dollar, it became clear in a televised interview with Prime Minister Takao Fukuda this evening. Mr. Fukuda said in particular that he views the rise of the Japanese currency against the dollar as a desirable development. He indicated that the Government would do nothing to support the falling dollar on the Tokyo market.

Amin prohibits Americans from leaving Uganda

BY DAVID BELL

WASHINGTON, Feb. 25

THE UNITED States reacted swiftly to-day to President Idi Amin's decision to prohibit Americans from leaving Uganda, at least until he meets those still in the country in Kampala on Monday. His action follows strong criticism of the Ugandan regime by President Jimmy Carter at his Press conference on Wednesday. In a long telegram to the President, released to-day, President Amin said the Americans are "being used as the exhaust pipes of the Israeli lorries" and accused the U.S. of planning to invade Uganda from four ships currently cruising in the Indian Ocean. U.S. concern about President Amin's move was conveyed to Mr. Mahmood Mulla, the Ugandan chargé d'affaires in Washington, at a hastily convened meeting with Mr. William Schaufele, the Assistant Secretary for African Affairs, this morning. Mr. Mulla said that he had not been told that Americans would not be allowed to leave, but that he was sure they would be allowed to stay, or leave, after the meeting with President Amin. The State Department said that it has asked West Germany, which represents U.S. interests in Kampala, to make urgent representations to President Amin about his order that he should give the names of the estimated 200 Americans still in the country. He has summoned all those with American passports to a special meeting on Monday. Meanwhile the Pentagon confirmed that there are four nuclear-powered U.S. ships in the Indian Ocean, off the coast of Africa. Sources say that they carry some marine, but that they themselves, they would be able to launch a successful invasion of Uganda even so posing that one was being seriously considered. John Worrall reports from Nairobi: A Uganda radio spot was warned to-day that "Israelis, Zionists, and Israeli propagandists" would have to take the consequences. "The Americans have been told bring 'mamoroda' of their lives in Uganda to Monday's meeting and have been especially asked if they have been harassed in any way. President Amin has ordered district officers and special chiefs to make lists of all Americans in their areas with description of their property "including even chickens, goats and pigs

Dutch port disputes resolved

BY MICHAEL VAN OS

AMSTERDAM, Feb. 25

THE PORTS of Rotterdam and Amsterdam are expected to be back at work this week-end, and the unions have agreed to a provisional wage agreement signed in Rotterdam this morning between port employers and trade unions after 13 hours non-stop negotiations. To-day, some 7,000 workers in the two ports were still continuing their strike, which started almost three weeks ago, but they have been officially urged to return to work as soon as possible. Rotterdam, normally the busiest port in the world, has been virtually paralysed for some two weeks, although the oil sector has not been affected. This morning's agreement grants the 18,000 organised port workers full and automatic indexation of wages to price rises this year, and a real incomes increase somewhere between 2 and 2.5 per cent. The unions had demanded and the one per cent.

EEC may double borrowing for steel

BY DAVID BUCHAN

BRUSSELS, Feb. 25

THE EEC Commission is willing to double the usual level of loans to steel mills in 1977. Commission officials say that with the EEC's triple-A credit rating, its loans are already at lower interest rates than other steel makers could borrow on their own account. This is the message that Viscount Etienne Davignon, the EEC Commissioner for Industry, will take to Bonn and other EEC capitals. On the estimates of EEC money managers, the Commission reckons that the European Coal and Steel Community could cut their imports to the EEC. U.S. compared to an average of 400m. to 500m. in the past five years. The Commission plans to improve the current 3 per cent interest rate on EEC loans to change the structure of the loans, mainly out of the 110m. U.S. that the Commission estimates the levy on each tonne of steel will produce this year. Commission officials say that with the EEC's triple-A credit rating, its loans are already at lower interest rates than other steel makers could borrow on their own account. It is understood the Commission intends to prolong its Simoeset Plan, due to expire in April, under which steel companies are being asked to reduce sales within the Community in an attempt to improve prices, and Brussels will continue trying to persuade third countries to cut their imports to the EEC. But M. Davignon is telling short-term action on these two fronts needs to be complemented with longer-term efforts to change the structure of the industry, particularly in such areas as French Lorraine, the German Saar, southern Belgium and Wales. EEC officials say M. Davignon's ideas were warmly received in Paris and in London last week. The Commissioner has made clear that he is not trying to force a restructuring plan on industry. He would like to see management to decide whether to take advantage of the Brussels offer of increased aid. But officials here feel that have enough powers under the Treaty of Paris which govern the Coal and Steel Community achieve results. There is a question of invoking the treaty emergency powers—the so-called "maffiosist crisis" clause which imposes mandatory production quotas and minimum prices. The Commission need only use emergency powers if the industry is not all now investor avoiding wasteful overlap or unnecessary capacity.

J. P. Narayan seriously ill

BY OUR FOREIGN STAFF

MR. JAYAPRAKASH NARAYAN, the 74-year-old Indian Opposition leader whose attacks on Mrs. Gandhi have become influential because of his popularity and moral stature in the country, was taken to hospital yesterday after falling seriously ill. He suffers from an acute kidney complaint which has required his spending every other day with a "kidney machine." The Opposition Janata party leader said he was under party orders to go to hospital, a popularly known, will need an operation and has cancelled all election engagements until March 2. He has also been advised to rest completely for three weeks before being sent to his public meetings have to be postponed.

Israeli Labour inflexible on borders

By Richard Johns TEL AVIV, Feb. 25

THE ISRAELI Labour Party wound up its pre-electoral conference by endorsing the leadership's policy statement on peace, defence and boundaries—which does not provide very much but for any compromise with Arab conditions for a settlement they now stand. Narrowly confirmed as leader in Wednesday's vote, Mr. Yitzhak Rabin can hardly feel that a mandate to negotiate a peace agreement has been strengthened by the inflexible degree of extra flexibility given to the programme. The advance of the 1977 guidelines amount to little more than a specific mention by name of Jordag when gives its blessing to continue efforts to negotiate "defensive borders." This means that the rule of the minority Labour Party which seems destined to emerge in the 1977 general elections, has as that it may be prepared to cede territory on the West Bank as part of a settlement. The document stresses unit Jerusalem as Israel's capital and rejects the establishment of an additional separate Palestinian Arab state to the west of the Jordan River.

W. German-Brazil deal

BY ADRIAN DICKS BONN, Feb. 25

THE WEST GERMAN Government said export licences for two important segments of the controversial nuclear power export deal with Brazil will soon be granted, and denied Press reports here that the licences are being held up deliberately. The licences relate to detailed uranium enrichment plant and a pilot nuclear fuel recycling facility. The Economic Ministry said delay in issuing the export documents was due to continuing reviews of safety procedures but they would definitely be granted "to the not too distant future." Official circles here suggested that reportedly specific American objections to the licences formed part of a part of the problem, and that President Carter should follow up his public utterances on the German-Brazilian treaty with practical suggestions as to how it might be amended. In the meantime, the Germans insist that at least in principle—that their obligations to Brazil under the treaty will be fulfilled.

Lebanon will get Saudi aid

BEIRUT, Feb. 25

SAUDI ARABIA and Kuwait are drawing up an aid programme for Lebanon's reconstruction whose implementation is to begin very soon, according to Saudi Ambassador to Lebanon General Ali al-Fayez. The Beirut daily Al-Bayran reported yesterday that Saudi Arabia also expected to announce an advance of \$50m. in aid to Lebanon in the future, and have agreed to underwrite the post of undersecretary of the Lebanese consular, IPS

Current while

using subsidies

minue

grow

THE GOVERNMENT'S EXPENDITURE PLANS

Current spending let off lightly while capital projects are hit

THE BULK of the series of cuts in public spending announced in the past year will fall on capital expenditure and certain smaller items, rather than on current spending or subsidies and grants. This is spelled out fully in the second volume of the Government's White Paper, which describes the details of the individual programmes including those of nationalised industries. The first volume was published at the end of last month and set out the overall economic background and summarised the changes. The second volume shows that a result of the two main cuts in last July and December, coupled with other changes, current expenditure on goods and services has been reduced by only £250m. in 1977-78 compared with 1976-77. The figures for 1977-78 (out of a total of £24,500m.) compared with the level in the previous year (Cmnd. 6388). At the same time, spending on subsidies and grants is projected to be £247m. higher than in the White Paper.

Overall, public expenditure, including debt interest and the contingency reserve, is projected to decline at 1976 Survey prices from £33,890m. in the current financial year to £32,500m. in 1977-78 (including the £300m. BP sale proceeds) and £33,130m. in 1978-79.

As already explained in the first volume of the White Paper, the annual public expenditure survey for 1978—the PESC exercise—was completed and some adjustments were made to programmes in order to keep within the overall plans of the previous White Paper (Cmnd. 6388) as modified by the measures announced on July 22.

Subsequently, further changes were announced on December 15 affecting both 1977-78 and 1978-79. The details of the individual programmes show the revised spending for both these years taking account of all the changes made since the last White Paper. The figures for 1977-78 will be reviewed in the normal way in the summer of 1977 PESC exercise.

For 1978-80 and 1980-81, the figures are those which emerged from last summer's survey. The White Paper points out that figures for later years are in any case increasingly provisional, but on this occasion those for the two final years are particularly so in that they do not

take account of developments associated with the December 15 statement.

The extent of any consequential adjustments to total public spending in the final years beyond 1978-79 has still to be considered. Its implications for individual programmes in those years have not therefore been worked out.

In a few instances, where the programmed figures for 1978-80 and 1980-81 most clearly require reconsideration following the decisions affecting those programmes announced on December 15, as a result of home shipbuilding lending and re-financing of fixed rate export credits, no figures are shown for those years.

In the table on the industry programme these cases, and the associated totals are marked n.s. In addition, no projections for those two years are being given in this White Paper for Government lending to nationalised industries, debt interest and the contingency reserve.

Nonetheless, even after allowing for this, the detailed programmes for 1979-80 and 1980-81—set out individually but not aggregated—do suggest the

broad extent of the cuts which might have to be made in the forthcoming PESC review if overall spending is not to rise again after 1978-79.

The individual programmes can be added together with the assumption that the items with out specific figures continue at 1976-77 levels, or about £34,000m.

This gives a total (excluding Government lending to nationalised industries, debt interest and the contingency reserve) of £48,860m. in 1978-79, £49,720m. in 1979-80 and £49,940m. in 1980-81, all at 1976 Survey prices.

Thus cuts of the order of £11m. would have to be made in volume terms at 1976 Survey prices and more by the time of this year's PESC exercise in order to keep total spending at the 1978-79 level in subsequent years.

This is possibly slightly smaller than might be expected, given the size of recent cuts, but is explained by the fact that the main impact of the cuts contained in last year's White Paper was projected to come in the later years of the survey. This is, of course, a rough and ready exercise given the possibility of future estimating changes.

An examination of the movement of relative prices of public sector programmes compared with changes in prices in the economy as a whole shows how in the early 1970s relative prices for public expenditure on land and new housing rose sharply in relation to general prices,

measured by the Grms Domestic Product price of deflation. This process has now been reversed and expenditure on both these items has been falling relatively since 1973-74.

The projections are on the assumption that the annual increase in earnings in the public sector will be about the same as average GDP prices between 1977-78 and 1978-79, representing a step towards a resumption of the long-term tendency for earnings to rise faster than average GDP prices.

On this basis, the relative price effect is expected to move marginally in favour of the public sector over the next two years. This presumably reflects the greater impact of import prices on the private sector.

Indeed, the only major area where relative prices are expected to be less favourable in 1978-79 than in 1976-77 is defence, though a net deficit by economic categories, spending on procurement is well up compared with 1976-77.

By Peter Riddell

Reviewed

The figures for 1978-80 will be re-appraised this summer. Meanwhile the figures have, as far as possible, been included in the tables of individual spending programmes to indicate the position which had been reached when the 1976 survey had been completed and which will provide the starting point for this year's exercise.

In a few instances, where the programmed figures for 1978-80 and 1980-81 most clearly require reconsideration following the decisions affecting those programmes announced on December 15, as a result of home shipbuilding lending and re-financing of fixed rate export credits, no figures are shown for those years.

In the table on the industry programme these cases, and the associated totals are marked n.s. In addition, no projections for those two years are being given in this White Paper for Government lending to nationalised industries, debt interest and the contingency reserve.

Nonetheless, even after allowing for this, the detailed programmes for 1979-80 and 1980-81—set out individually but not aggregated—do suggest the

Output

The White Paper includes an analysis of the change of public sector demand on output in cost terms after taking account of the relative price effect.

This shows that current expenditure on goods and services is due to decline at an annual average rate of 0.2 per cent. between 1976-77 and 1978-79 with capital spending projected to fall by 11.1 per cent. a year over the period.

Transfer payments and net lending are planned to rise by 3.8 per cent. a year in terms of their impact on demand.

The Government's Expenditure Plans, Volume 11, Cmnd 6721-11, HMSO £2.35.

TRADE, INDUSTRY AND EMPLOYMENT

Em. at 1976 Survey Prices

	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81
Regional support and regeneration:						
Regional development grants	329	393	286	358	378	388
Provision of land and buildings	29	27	29	25	24	25
Selective assistance to industry in assisted areas	60	47	50	51	49	47
Other regional support	12	15	19	18	17	18
Regional employment premium*	239	213	19	—	—	—
Residual expenditure under repealed sections of the Local Employment Act, 1972	-4	-11	-9	-9	-6	-4
Scottish and Welsh Development Agencies	6	59	80	88	91	91
Total	671	743	475	532	553	564
Industrial innovation:						
General industrial R and D	42	51	56	61	66	68
Technological and industrial sponsorship	7	8	11	12	12	12
Aircraft and aero-engine general R and D	19	19	13	12	12	12
Programme	46	23	17	12	11	8
Concord development	35	14	17	16	9	4
Production	-1	10	-10	-3	-5	-5
RE 211						
Other aircraft and aero-engine projects and assistance	93	-1	-1	-2	-1	-1
Space	25	30	25	20	20	20
Nuclear	107	127	97	86	83	83
Total	373	281	224	214	207	201
General support for industry:						
National Enterprise Board*	11	225	275	275	225	225
Selective assistance to individual industries, firms and undertakings	374	144	170	183	107	81
Promotion of tourism	16	19	17	17	na	na
Refinancing of home shipbuilding lending	119	75	10	10	na	na
Assistance to the shipbuilding industry	30	27	32	17	—	1
Other support services	1	3	2	3	-1	-1
Investment grants	70	29	9	3	1	1
Total	621	532	515	519	na	na
Support for nationalised industries (other than the transport industries):						
Compensation for price restraint	67	—	—	—	—	—
Assistance to the coal industry:						
Coal Industry Act	46	66	55	52	52	53
Pneumoconiosis scheme	10	63	21	14	7	4
Other compensation	42	9	18	—	—	—
Safety and product quality and other services	165	138	94	66	59	57
Total	266	276	188	123	120	114
International trade:						
Export promotion and trade co-operation	13	17	16	16	16	16
Refinancing of fixed rate export credits	639	544	352	321	na	na
Cost escalation guarantees	—	-1	1	1	2	3
Regulation of domestic trade and industry and consumer protection	2	-4	-2	-7	-7	-6
Total	654	556	367	331	na	na
Functioning of the labour market:						
Employment services and industrial rehabilitation	100	128	134	140	149	143
Industrial training	180	286	362	292	315	329
Redundancy and maternity fund payments	108	100	81	86	86	86
Industrial relations and other labour market services	17	191	245	159	24	24
Total	405	695	842	677	574	582
Health and safety at work:						
Central and miscellaneous services:						
Employment	35	30	35	33	34	34
Doh	26	40	43	43	43	43
Other	59	59	57	54	54	54
Total	120	129	145	130	141	141
Transactions in British Petroleum Company shares						
	—	—	-500(*)	—	—	—
Total	3,008	3,074	2,152	2,469	na	na
Changes from last White Paper Cmnd 6393 revalued:						
Capital grants to nationalised industries	-145	+363	-389	-148	—	—
Cmnd 6393 revalued	+85	-94	+67	+90	—	—
Total	3,048	2,674	2,474	2,527	—	—

(*) Figures are in money terms and not at constant prices.

Housing subsidies continue to grow

THE BULK of the housing programme for 1977-78 is £1,600m. more than projected in last year's White Paper and is expected to be about £1,400m. more than in the previous year. This is due to an increase in the number of new housing units being built, and to a rise in the cost of building.

Overall, housing subsidies are projected to rise from £1,770m. in 1976-77 to £3,190m. in 1977-78, and to £3,500m. in 1978-79. This is a significant increase, reflecting the Government's commitment to housing.

The increase is due to a rise in the number of new housing units being built, and to a rise in the cost of building. The number of new housing units is expected to rise from 1.2 million in 1976-77 to 1.5 million in 1977-78, and to 1.6 million in 1978-79. The cost of building is expected to rise from £1,400m. in 1976-77 to £2,100m. in 1977-78, and to £2,400m. in 1978-79.

CHANGES TO EXPENDITURE PROGRAMMES SINCE LAST YEAR'S WHITE PAPER (Cmnd 4393) BY ECONOMIC CATEGORY (*)

Em. at 1976 Survey prices

	1976-77	1977-78	1978-79
A. April 1976 Budget measures:			
Current expenditure on goods and services	—	—	—
Capital expenditure on goods and services	—	—	—
Subsidies and grants	+116	+148	+119
Other transfers	—	+9	+9
Total	+116	+157	+127
B. Statement of 22 July:			
Current expenditure on goods and services	—	-115	-38
Capital expenditure on goods and services	-15	-269	-27
Subsidies and grants	+5	-211	-49
Other transfers	-7	-198	+22
Total	-17	-793	-92
C. Statement of 15 December:			
Current expenditure on goods and services	—	-161	-236
Capital expenditure on goods and services	-9	-417	-541
Subsidies and grants	—	-67	-170
Other transfers	—	-561	-226
Total	-9	-1,206	-1,173
D. Other announced changes:			
Current expenditure on goods and services	+66	+7	+2
Capital expenditure on goods and services	+71	+9	+1
Subsidies and grants	+116	+281	+125
Other transfers	+30	+24	+24
Total	+283	+321	+152
E. Other changes (estimating changes, etc.):			
Current expenditure on goods and services	+105	+54	+114
Capital expenditure on goods and services	-108	-78	-168
Subsidies and grants	-375	+96	+716
Other transfers	-84	-175	-325
Total	-202	-103	+337
F. Summary of Changes:			
Current expenditure on goods and services	+171	-215	-159
Capital expenditure on goods and services	-60	-755	-735
Subsidies and grants	+138	+247	+741
Other transfers	+107	-201	-497
Total	+80	-1,424	-649

(*) Excluding programme 5 (nationalised industries), debt interest and the contingency reserve.

More money for schemes to create jobs

THE TRADE, industry and employment programme overall is expected to drop from £3,070m. to £2,150m. between the current financial year and 1978-79 in volume terms at 1976 survey prices.

But £500m. of this drop is projected to come from the proceeds of the sale of British Petroleum shares.

Indeed, spending in 1977-78 would have been £1,111m. higher than previously projected but for the BP sale.

Otherwise, the main drop in spending between the years is expected to come from a cut in regional development grants, reflecting the exclusion of mining and construction industries from those qualifying for grants and the introduction of deferred payments. This item is due to rise sharply in 1978-79.

Expenditure on the regional employment premium, which is being withdrawn, is projected to decline from £213m. to £19m. between 1976-77 and 1977-78.

The other main drop is in Government support for the refinancing of fixed rate export credits, where more of the commitment is being taken up by the clearing banks and the increased use of foreign currency financing is being encouraged.

Industry aid

In contrast, Government spending in the employment area is projected to rise sharply, especially on industrial training and industrial relations and other labour market services. This includes spending on the temporary employment subsidy, because of the faster phasing out of food subsidies.

Law and Order: Spending is expected to decline only gradually from £1,850m. to £1,841m. in 1977-78 with slightly higher expenditure than projected a year ago.

Education: Expenditure is expected to decline from £7,520m. to £7,310m. in 1977-78 in volume terms. The White Paper notes that the spending will be enough to sustain the Government's policy of meeting the levels of educational demand now expected, though this may be at the expense of some existing standards of provision.

Health and personal social services: Expenditure is projected to dip fractionally in 1977-78, but recover in the following year. Capital expenditure on hospitals and community health services will be lower than in the previous White Paper.

Social Security: Total spending is set to rise from £11,170m. to £11,860m. in 1977-78, higher than previously projected. A substantial margin, £300m. in 1977-78 and £500m. in the following year, has been included to allow for uncertainties about the future number of beneficiaries and about the real level of benefits. It has been assumed that the average number receiving unemployment benefits will fall from 640,000 in 1976-77 to 620,000 in 1977-78 and 600,000 in 1978-79.

Investment

By the end of last November, assistance of about £55m. had been committed under the accelerated capital projects scheme to bring forward investment totalling £641m. Assistance of £47m. had been approved under the various sectoral investment schemes in support of investment of £232m.

Additional funds have been made available for selective assistance: £50m. has been provided for this purpose in each of the years 1977-78 and 1978-79. Of this, £50m. has been allocated to the National Enterprise Board and the remaining £50m. will be divided between the new selective investment scheme, additional expenditure under the sectoral schemes in support of the industrial strategy, other measures to help industry in those years, and the Scottish and Welsh Development Agencies.

The selective investment scheme, which will provide financial assistance to firms for major projects to improve capacity and performance, has been allocated a total of £100m. of which the greater part is likely to be spent after 1978-79; separate provision will be made for expenditure falling in those later years.

Projection

The projection also includes provision of £230m. in cash terms in support of Leyland from 1976-77 onwards, in addition to the funds to be made available from the National Enterprise Board. There is also provision of £95m. cash for loans and grants to Chrysler (U.K.) to help meet losses in 1976 and 40 to assist the company's investment programme. Any additional expenditure under the terms of the Government's commitment here would be a call on the contingency reserve.

Final payments of the £40m. assistance to International Computers (Holdings) under the Science and Technology Act, 1965, were made in 1976-77 and provision is made for repayments later in the survey period.

Cash for State industries expected to be trimmed

THE WHITE PAPER includes (other than short term) projected to drop from £1,890m. to £1,220m. though this is partially offset by an expected decline in net foreign currency borrowing to £450m.

After taking account of other Government grants, chiefly support to British Rail services, total public spending on nationalised industries is projected to decline from £1,570m. in the current financial year to £1,390m. in 1977-78, and to £1,460m. in 1978-79.

The White Paper also includes a lengthy section on details of capital investment and financing for the nationalised industries. Total capital spending of the industries is virtually flat over the period, but with a dip in 1977-78, in most industries, and notably electricity and telecommunications, revised estimates of

PUBLIC SPENDING BY MAIN PROGRAMME AND SPENDING AUTHORITY, DISTINGUISHING CURRENT AND CAPITAL EXPENDITURE: 1977-78

Em. at 1976 Survey prices

	Central Government Supply	Other	Local authorities	Public Corporations	Total
1. Defence					
Current	5,378	-3	—	—	5,375
Capital	70	-1	—	—	69
2. Diverse aid and other overseas services					
Current	631	403	—	—	1,034
Capital	161	40	—	17	219
3. Agriculture, fisheries, food and forestry					
Current	391	—	5	—	396
Capital	154	-3	3	1	155
4. Trade, industry and employment					
Current	1,255	90	38	—	1,383
Capital	1,074	-536	5	226	769
5. Government lending to nationalised industries					
Current	400	350	—	—	750
Capital	561	-2	862	—	1,421
6. Roads and transport					
Current	436	4	455	—	895
Capital	1,414	—	702	—	2,116
7. Housing					
Current	241	-2	1,628	—	2,170
Capital	—	—	—	—	—
8. Other environmental services					
Current	109	—	1,268	—	1,377
Capital	15	—	320	—	335
9. Law, order and protective services					
Current	405	8	1,291	—	1,704
Capital	70	—	42	—	11

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Pay differentials and the sex war

BY ARTHUR SMITH, Midlands Correspondent

Chancellor stays put

IN A week that has seen more political than economic news, the stock market has been firm.

Last week the Government's bill to nationalise the shipbuilding and aircraft industries was declared hybrid, a decision that will greatly slow down its progress through Parliament.

Price control

Even before the defeat on the devolution proposals, however, Mr. Callaghan was faced with a difficult decision by the death of Mr. Crumland—whether to move Mr. Healey to the Foreign Office, as had been the original intention, or to leave him, as Chancellor and find a new Foreign Secretary.

Letters to the Editor

Accounting

From Mr. A. Yorath. Sir—Mr. M. E. Page (February 12) felt the purpose of inflation accounting was to institutionalise inflation. I would not disagree more since I feel that the exposure of its effects will do more to persuade people of its dangers than anything else.

Mentmore

From Mr. H. Leggett. Sir—Mr. Marcus Binney's authoritative letter (February 23) makes it clear that the Government's failure to acquire Mentmore, in Buckinghamshire, as a complete entity in lieu of tax liabilities will inevitably lead to the break-up and dispersal throughout the world of the magnificent and irreplaceable collection of French 18th century furniture.

Inflation

From Mr. F. Valentini. Sir—The letter of Mr. Furse (February 21) hardly does justice to the case of civil service pensions. As a teacher, with friends who are doctors, I have heard this case argued from both sides.

THE irony of the present protest about the erosion of wage differentials—of which the disruptive British Leyland toolroom workers' strike is a symptom—is that it is largely a situation deliberately brought about by the trade unions with the support of the Government.

The trade unions, with their campaign for special treatment for the low paid have contributed to a compression of skill differentials almost without parallel this century.

Pressure is also building up on the wider issue of pay relationships between different types of jobs and between white collar and manual workers. On top of that, the considerable increase in women's pay under recent legislation—which has been exempt from pay restraint—has added to the psychological pressure on the traditional family breadwinner.

Nowhere is this more starkly illustrated than in the case of the Leyland toolroom worker earning £63 a week at Longbridge. His wife, without the sacrifice of three and a half years formal apprenticeship, can be earning nearly as much (£56) as a semi-skilled machinist. Her wage, largely as a result of equal pay legislation, is more than treble the £18 a week she would have earned in the same job in 1970.

Trade union concern about the plight of low wage earners, articulated in particular by Mr. Jack Jones of the Transport and General Workers Union, which has a large membership in that sector, matched the piece of inflation. So entrenched had the idea of protection for the low-paid become that the TUC made it a condition of entry into the Social Contract with the newly-elected Labour Government in 1974.

While the spread of earnings has been reduced by upward pressure from below, it has also been held down at the top by the up-limits for wage increases. Belated realisation of what has happened to differentials is bringing the predictable demands from the factory floor for a return to free collective bargaining and the chance to remove anomalies.

For many years we have contributed to a pension scheme, as other pensioners do, and when they with funded schemes, have built up capital gains in their funds, we have been allowed only a notional rise of interest by the Treasury. At one of the first union meetings I attended we were asked to contribute to a benevolent fund for retired teachers on pensions that were inadequate. Recent changes therefore seem just, in comparison to past circumstances.

Energy

From Mr. N. Jenkins. Sir—You report (February 18) the intention of the Government to encourage the development of solar energy to the extent of 55m to the next four years. David Fishlock's report is most informative. By all means—but there must be a prohibition against the use of electricity as a standby when weather conditions prevent the solar system working—more often than not it is this simultaneous bad weather heating load on the electricity system that has led to estimates of growth exceeding all reason and a demand for more and more generating capacity that lies idle for most of its life.

TREND OF NARROWING DIFFERENTIALS

Table with columns for years (Oct 1972, Feb 1973, Oct 1973, Feb 1974, June 1974, Feb 1975, June 1975) and rows for various job categories like Male skilled machinist, Female skilled machinist, etc.

the notion of what is "fair" may take some time to adjust to inflation. The fading of the so-called money illusion could be the reason why unrest is beginning to spread. Indeed when one examines the figures in Table 2, which suggest that the differential between the skilled and unskilled man is larger than at any time on record other than during the exceptional circumstances just after the Second World War, it is surprising that the issue has remained dormant for so long.

General factors contributing to the new militancy have come out clearly in the arguments of Leyland stewards: the feeling that Britain's economic crisis has passed; confidence that growth can be resumed; and the belief that sufficient sacrifices have already been made and no more can be demanded. Indeed, many employers, in private, share the thought that new inflation has shot back to an annual rate of more than 16 per cent, the lid cannot be held on wages much longer.

Both the Government and TUC are stressing the need for flexibility in any future pay policy. The main question is whether, assuming another deal is possible, it could be generous enough to solve the alarming problems of differentials which have been allowed to build up.

Businessmen in the Midlands are tending to the view that some sort of formula is essential both to placate overseas opinion and to create a bargaining atmosphere that will prevent a wages explosion. But many employers are pessimistic that any such deal could be made to the satisfaction of the whole British industry.

Fitters' Earnings (as a % of Labourers' Earnings)

Table showing average weekly earnings in Britain including overtime for fitters and labourers from 1914 to 1976.

Bureaucracy

From The Assistant Secretary, Society of Civil Servants. Sir—It is very common these days to see on the one hand an attack on the size of the civil service bureaucracy or "monster" as Joe Rogaly refers to it (February 15) article, and on the other—in fact in the very next column—your editorial—deploring recent trade figures and the lack of growth of exports.

75% of the self-employed are probably paying too much tax.

If you're self-employed it's very likely that you're too busy thinking about the future of your business to think about your own. By so doing you're not only putting your future at unnecessary risk but also missing out on a particularly favourable tax concession.

Abbey Personal Retirement Plan advertisement including details of contributions, benefits, and contact information for F. B. Page Abbey Life Assurance Co. Ltd.

Drought and the American West

BY ARTHUR SANDLES

MACHING Portland by air, it was difficult not to see the snow-capped peaks of Mt. Hood and Mt. Jefferson. The snow-capped peaks of Oregon's largest city, Portland, are a familiar sight to visitors from the west. The snow-capped peaks of Oregon's largest city, Portland, are a familiar sight to visitors from the west. The snow-capped peaks of Oregon's largest city, Portland, are a familiar sight to visitors from the west.

from Montana and Washington to the North to New Mexico, Arizona and California in the south. It is when you reach this part of the country that you hear people sneer at the cold weather in the east. Eastern industries and farms will soon recover, they claim, but a prolonged spring could have a prolonged effect on the economy of the western and mountain states. The upset in the weather had been remarkable in Alaska the waters of Cook Inlet had not frozen over, and the world championship dog sled races had to be run on snow trucked down to Anchorage from the interior because of 45 degree temperatures. There, however, there is no drought, for instead of the winter snows it has been raining for weeks.

Much of the comment about the water shortage of the American west of late has concentrated on California for obvious reasons. The state is the most heavily populated area from the Rockies to the Pacific and is the Florida of the west for fruit and vegetables. While California's problems may soon hit American food hills, water shortages in the northern states have already hit industries like aluminium and paper. When Wall Street says it is waiting for the effects of the weather to be fully apparent he is coming out of its present dilatory state. It is talking about more than the eastern freeze. A steady absence of water in the west could escalate production costs in many industries, cause widespread unemployment, and add measurably to inflation.

One of the major reasons for this is the reliance of many western states upon hydro-electricity. Already the effect was being felt in Seattle (Washington State) the city plans to

put out one third of its street lights. The local electricity company was urging residents to shower and not bathe. "It requires 72 gallons of water to produce a single gallon of hot water," they were told. "71 of those gallons are used to supply electricity to raise the 72nd gallon to 180 degrees."

Apart from the power generation shortfall many of the facts of western life these days are reminiscent of Britain in the summer of 1976. One of the most beautiful tourist areas of the U.S., Monterey in California, introduced water rationing last week-end, limiting families to 50 gallons a day, which is only little more than enough for one wash in an American-sized washing machine. According to Gov. Edmund C. Brown Jr., California was considering a 25 per cent. reduction in personal water consumption throughout the state. "The drought is far worse than any other in recorded history," says Gov. Brown. Local reservoirs were down to one-month's supply unless there was a certain amount of rain soon, and the Monterey area had to rely on its wells, and no one was quite sure how long they would last out.



Houseboats left stranded on the slopes of Rollins Reservoir, Nevada, where the water level dropped 137 feet below normal for this time of the year.

In Oregon, Gov. Bob Straub took his normally rain soaked citizens by telling them that they too would probably have rationing by the summer. "We are already beyond the point of no return for water," says Mr. Straub. "Most of the streams in this state are running from 3 to 22 per cent. of normal water flows."

Mr. Straub reckons that 4,800 jobs have been lost already and more than \$100m. in farm revenue. The loss could be \$372m. by the Spring.

governors had an angry meeting in Denver last week-end with Secretary of the Interior Cecil Andrus. Mr. Andrus is himself a former governor of Idaho, the potato state which is among those suffering from a lack of water. Denver, capital of Colorado, was an apt meeting place. This relatively small, 600,000 city (pop. not quite 1,000,000) is at the eye of the political and economic whirlwind that is building up. The

adding to local unemployment. Colorado might have no water to export this year.

Snow has a winter as well as a spring purpose. Apart from just making things pleasant for the skiing community, a good cover of snow keeps the ground temperature at or near freezing point. The absence of snow allows the temperature of the soil to fall below freezing and thus autumn planted seeds can be killed. This is not just theory. West farmers from North Dakota down to Kansas are well aware of what happened to their Russian counterparts only a few years ago. Then the winter snow cover on the Russian wheat lands, was scarcely more than an inch or so, and certainly not enough to insulate the precious crops from the biting cold of the winds. Now those U.S. farmers have seen their own land suffering the same conditions. The problem is compounded by the fact that if the ground freezes (and in some places it was said to be frozen more than a yard deep) when the spring thaw comes it is the snow that melts first. Since the earth is frozen the water cannot soak in and simply drains off into the nearest stream. When the earth defrosts there is no moisture for such battered winter wheat as may have survived.

Western America is suddenly aware that it has no water policy, and that getting one may be difficult. Although the emergency forced local interests together in order to consider joint defensive action and, perhaps more importantly, to lobby Washington into action, the Carter Administration has already got itself off to a poor start for many of the western states. Just before the Denver meeting it emerged that as part of the planned budget cuts Mr. Carter intends reducing Federal support for 18 water projects around the country.

Biggest of the projects involved is the \$1.6bn. central Arizona dam complex, but there are several others in the southwestern corner of the nation. Federal money is not the only problem. The U.S. has a decentralised Government and building dams in one state to serve the needs of another is not a politically easy move. Added to that is the strength of the environmental lobby, often very much underrated by Europeans unless Concorde is involved. This is strong enough in the U.S. to delay substantially, if not destroy, plans for mountain dams and reservoirs.

The straits of conflicting interests quickly show. In Washington State, Governor Dixy Lee Ray declared that "given the extraordinary situation, we must take extraordinary measures" and promptly stirred up a hornets' nest. A suggestion that water be pumped from the Columbia River to rescue the fruit trees of the Yakima Valley from death by drought this spring ran into immediate opposition. Such a move, said the opponents, would further reduce the flow for hydro-electricity, make even more likely the prospect that salmon would not have enough water to make their way to the spawning grounds, and would hit other farmers currently helped by downstream irrigation projects.

Although heavy rains could change the position considerably in many areas of the American west there is a widespread conviction that nothing now will avoid severe economic consequences. This winter's changed weather, which swept the

LABOUR NEWS

Strike may hit BBC

V sport to-day

BY IVID CHURCHILL, LABOUR STAFF

COVERAGE ON BBC is expected to be disrupted to-day when the broadcast camera-union hold a one-day support of a regraduation for the cameramen of the BBC. The union will also attempt to use cameramen not in the dispute. The strike will mainly hit sports coverage, but the BBC has said it will not be allowed back into the news-paper offices until they agreed to work normally.

The Arbitration Conciliation Service is expected to be called in next week to help resolve the issue.

A move by Electrolux to stop parts of a World in Action documentary about an equal pay dispute being televised on Monday was rejected by Mr. Justice Bristow in the High Court last night. The injunction application had been heard in private.

The company sought to prevent Granada Television from screening parts of the documentary relating to their plant at Luton. Granada contested the application. Lawyers for Electrolux may appeal.

Meanwhile, 60 journalists at three Northamptonshire newspapers yesterday claimed they had been locked out by management after refusing to accept the employer's interpretation of a peace settlement which ended a three-month strike at the company.

The journalists say that the peace formula worked out by the TUC and the employers meant that nine journalists who left the National Union of Journalists during the strike should rejoin the union.

Management, however, told the NUJ leaders on the three papers that they had no power to force the nine to rejoin the union. The 60 journalists would not be allowed back into the newspaper offices until they agreed to work normally.

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Young Socialist threat to Lever discounted

BY IVOR OWEN, PARLIAMENTARY STAFF

LEADING SUPPORTERS of Mr. Harold Lever, the Chancellor of the Duchy of Lancaster and the Prime Minister's economic adviser, last night discounted reports that he was in danger of being ousted from his Manchester Central constituency.

What seemed to many to be a potential threat to his position developed when all the incoming officers of his constituency party were replaced at the annual meeting.

Among those who failed to secure re-election was Mr. Joe Ogden, the constituency party secretary and Mr. Lever's long-time agent.

All the new officers are in their 20s and live locally.

But despite their association with the Young Socialists, their emergence is seen by some of Mr. Lever's closest associates as being more concerned with giving a new look to the constituency party hierarchy than an attempt for an early bid to introduce a Left-wing extremist to his place.

Party and most were born and bred in the central Manchester area.

He said that a "straightforward democratic election" had resulted in the change of officers.

Mr. Lever, a millionaire, was unable to attend the annual meeting because he was to be at Westminster for the crucial vote on the Government's abortive attempt to impose the gullionne on the Scotland and Wales Bill.

At the last general election he had a majority of over 10,000.

Mr. Lever has represented Manchester throughout his 32 years in the Commons and became MP for the Central Division in 1974 after a major revision of boundaries.

U.K., France firm line on Concorde landing rights

BY ROBERT MAUTHNER PARIS, Feb. 25.

BRITAIN AND France to-night agreed to adopt a firm common policy towards the U.S. on the question of landing rights for Concorde in New York.

The problem was discussed at length by Dr. David Owen, the new Foreign Secretary, who was paying his first official visit abroad towards his appointment to see his French colleague, M. Louis de Guiringaud.

Both Ministers emphasised after their meeting that they considered the Concorde landing issue to be a matter of "extreme importance".

Neither Dr. Owen nor M. de Guiringaud mentioned the possibility of retaliatory measures if the New York Port Authority's decision should turn out to be unfavourable. But it was understood that such steps could not be ruled out.

The friendly atmosphere in which the talks took place belied reports that France was dissatisfied with the way that Britain was chairing the Common Market's Council of Ministers, was organising the Community's work programme.

There were no points of disagreement, M. de Guiringaud said.

It is clear that whatever reservations France may have had in recent weeks about the pragmatic British approach to the development of the European Community—which appeared to rule out any major new initiatives in the foreseeable future—Dr. Owen will be given a fair chance by the French to prove his reputation of being "a good European".

The Foreign Secretary's statement tonight that he was strongly in favour of direct elections to the European Parliament and that the British Government would do its best to comply with the decisions of the European Council in this field in spite of

Economic Diary

MONDAY—Defence White Paper expected. Talks open in London on Bermuda Agreement regulating transatlantic air routes between Britain and the U.S. EEC conservation measures in force for herring fishing in the North Sea and industrial fishing for fish meal in Scottish area. Talks between Civil Service union leaders and Ministry of Defence officials on communications centre industrial action. National Food Survey report on consumption (4th qtr.).

TUESDAY—House of Commons debates foreign affairs. Mr. John Mervin, CBI director general, at industrial democracy conference, Portman Hotel, W.1.

WEDNESDAY—National Economic Development Council monthly meeting. U.K. official reserves (Feb.). Capital issues and redemptions (Feb.). Coal Industry Bill second reading in Commons. Mrs. Shirley Williams, Education Secretary, and Mr. Len Murray, TUC General Secretary, at Polytechnics, Industry and Commerce conference, Purcell Room, Festival Hall, S.E.1. Conservative Small Business conference, Carlton Hall, S.W.1. IAF gold auction in Washington.

THURSDAY—Commons debate on Burden of Personal Taxation. Public sector borrowing requirement and details of Local authority borrowing (4th qtr.). Department of Employment Gazette will include—unemployment (Jan. final), employment in production industries (Oct.), overtime and short-time working in manufacturing industries (Oct.), and stoppages of work due to industrial disputes (Jan.).

SATURDAY—Prime Minister at Labour Party London Regional Council meeting, Camden Town Hall, N.W.1. Mrs. Margaret Thatcher at Conservative Trade Unions conference, Nottingham.

Police row—Whitelaw

LABOUR STAFF

VERNMENT'S failure to pay the police pay dispute several days ago, Mr. William Whitelaw, Conservative deputy leader in Bristol last night, said had gone on for several days and had severely damaged morale at a time when the country was facing a "national emergency" of terrorism.

Government initiative to pay the police should be a week.

Members of the Federation to give them the right to strike should be added.

Police strike could lead to gangs and terrorism, national economic emergency in Britain being provoked.

Police Federation have king a 16-week pay rise they say they did not get the first pay policy, as approved fringe benefits of unsocial hours.

Whitelaw pointed out that

Bullock effect on directors

BY JOHN ELLIOTT

UP TO 1,000 directors might have resigned their Board seats if the Bullock Report proposals for worker directors were applied to the biggest 600 companies, according to an estimate published yesterday in the Investors' Chronicle.

This figure confirms estimates by various critics of the Bullock proposals since the report was published a month ago.

It is based on the fact that the proposed Bullock 2X + Y formula would mean either Boards becoming much larger or some directors resigning.

The Investors Chronicle surveyed 181 of the largest companies and found that in accommodate worker directors on a 2X + Y basis would mean either the average membership of the Boards rising from 11 to 19 directors, or 250 directors resigning.

Extending the survey to cover all companies with 2,000 or more employees, which is the extent of the Bullock proposals, the magazine estimates that the resignations figures might be as high as 1,600, but then amends this to 1,000 to allow for variations in groups of companies.

£50,000 golden handshake for Matthews

BY MICHAEL LAFFERTY

A GOLDEN HANDSHAKE of about £50,000 is being paid to Mr. Pat Matthews, the former chief executive of First National Finance Corporation, the stricken secondary bank which is receiving £257m. support from the lifeboat fund.

Compensation to him and two other former First National directors whose contracts were terminated are disclosed in the company's latest annual report published yesterday.

Dr. Basil Bard, who also receives about £50,000, joined First National early in 1974, just before the secondary banking crisis started. He was formerly managing director of the National Research Development Corporation.

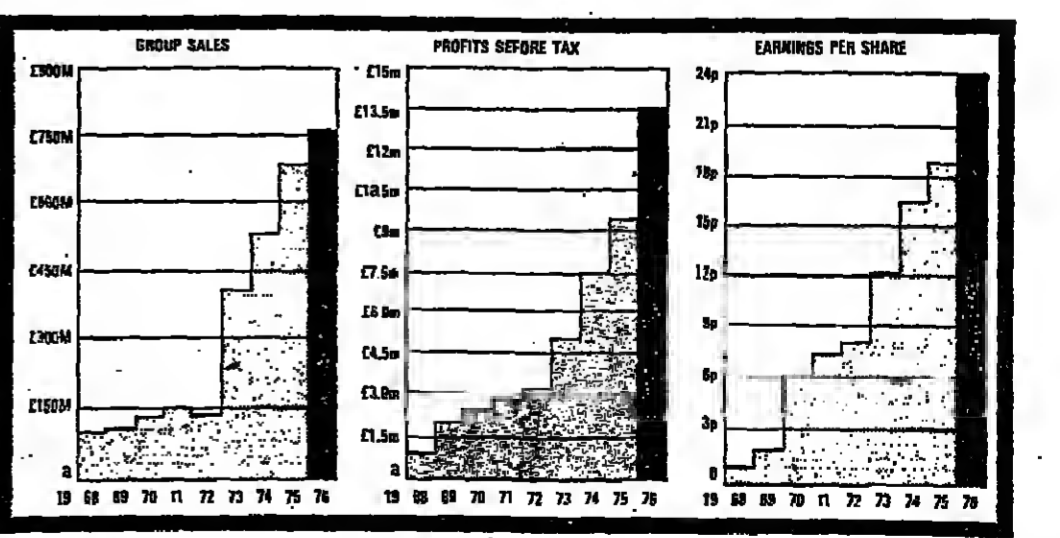
The third payment, of about £20,000, goes to Mr. John Bardwell, who had about a year of his contract to run.

First National reported a pre-tax loss of £32m. for the year to last October 31, after losses of £38m. the previous year. The balance-sheet shows a deficit of £724m. of shareholders' funds.

Mr. John Glyn, First National's chairman, told shareholders that the outlook remains obscure.

ANOTHER YEAR OF RECORD SALES, PROFITS & EARNINGS

- The year under review has maintained the unbroken progress of the Group over the last eleven years and previous record levels of turnover, profits and earnings per share have been comfortably exceeded.
- Sales - up 11.3% to £768,402,000
- Profits - up 45.4% to £13,564,000
- Earnings per Ordinary Share - up 23% to 24p.
- Dividend up by maximum allowed to 6.5p per share covered 3.4 times by available earnings. Shareholders who took up the one-for-one Rights issue at par, announced in November 1975, received a 119.9% increase in dividend income last year.



Copies of the Annual Report & Accounts for the year ended 30th September, 1976 may be obtained from the Secretary, S & W Berisford Limited, Berisford House, 50 Mark Lane, London EC3R 7QJ.

S & W Berisford Limited

TMS strike hits universities

LABOUR STAFF

ASSOCIATION of Scientific and Managerial Staffs claimed "overwhelming support" from 16,000 members in a one-day strike at universities in support of technicians at Birmingham University, which was on strike for 24 hours on a dispute over holiday

ASTMS officials said that pickets stopped deliveries at many universities yesterday and members of other unions refused to cross picket lines. In York, West Riding, Health Service branch also joined the stoppage.

The union is calling for a national demonstration at Birmingham University on March 8 unless the dispute has been settled by then.

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and mergers

The struggle for control of Ultra Electronics looks to be drawing to a conclusion following last week's developments. Dewry Group, the original bidder, has raised the value of its bid from £17.7m. to £20m., thus causing counter-bidders, Racal Electronics to withdraw its bid worth £7.4m. Dewry's new offer comprises two of its own shares for each Ultra share with a cash alternative of 210p per Ultra share.

Despite the Monopolies Commission's majority verdict (three to two) against Babcock Wilcox's bid for Herbert Morris and W. has with a technical decision in its favour to go ahead with the bid. Mr. Roy Hattersley, Secretary of State for Industry and Consumer Protection, basing his decision on the Fair Trading Act of 1973, has ruled that there are no grounds for his intervention. There is still a possibility, however, that the Commission will refer the matter to the courts for a consultation with legal and financial advisers, Mr. Hattersley's ruling may be changed.

Standard and Chartered Bank, which is headed by Lord Standard, a former Chancellor, is bidding \$130m. (£76m.) for Bank of America. The offer, one of the largest ever made by a bank to another, is being made by a consortium of investors in the bank's parent company, the quoted Bocal Finance Corporation, whose shares stood at \$212 before the announcement of the bid. There are probably two main reasons for its move. One is the natural geographical fit with Standard's large Far Eastern and Pacific business, while the other is S.C.'s apparent need to build up a sizeable dollar base, incidentally reduce its reliance upon South African earnings. The Tri-State quickly rejected the bid and indicated that the offer might also run foul of the banking and anti-trust laws.

House of Fraser, headed by Sir Hugh Fraser, has made a £900 bid for Brown, Munn, the Bradford department store in Bradford. The offer is a 27.4 per cent stake, acquired in the offer terms are 180p in cash for each BM Ordinary and 55p in cash for each Preference share.

Brooke Bond Liebig, the tea, coffee and food products group, is offering £10m. for the 25 per cent stake in a consideration of £11m. The company intends to use the proceeds to expand its existing operations in Canada and the U.S. The offer may well be on the way for Jackson and Stepple, which is moving talks with John Hawkins and Sons (Holdings), and as Group Holdings, which company announced on Thursday they are currently holding discussions with Tootal, the

Manchester-based textiles concern. By way of contrast, West Cumberland Farmers has agreed not to proceed with the approach made to Carr's Milling on January 25.

Company Bid for	Value of bid per share	Price per share	Value of bid before bid (£m)	Final bid date
Aluminium Corp.	100	41	0.4	25/3
Antoniogaglia Kw.	117	21	1.1	25/3
Batu Malaga	83	42	60	0.7
Rubber Plant	43	44	37	1.2
British Plant	10	94	6	0.4
British Service	140	142	138	5.3
Petroleum	160	167	30	0.93
Brown Muff	16	21	18	0.1
Sacknall Trust	201	21	19	0.2
Bucknall Trust	38	37	22	0.2
Central Line Secs.	200	180	351	0.2
Dejoo Tea	200	180	351	0.2
Bootham Tea	200	180	351	0.2
Dunford & Elliott	73	89	70	0.9
East Asiatic	100	105	108	0.8
Rubber	100	105	108	0.8
Golden Hope	73	77	78	39.4
Graff Diamonds	28	28	24	0.4
Harmott's Tea	200	180	351	0.2
James Maurice	23	23	128	0.7
Jmsn, Cleaners	42	49	30	4.6
Kimber	30	37	22	0.2
Lambro Inds.	83	74	97	20.5
London Asiatic	87	90	65	0.3
Lon. Elect. & Gen. Tr.	103	98	67	130
Maldenhead Inv.	26	24	24	2.1
Malvern Tea	103	95	73	0.33
Morris (Herbert)	120	160	97	2.3
Ozolid	82.5	89	100	24.6
Palming	64	63	61	20.76
Rand Selection	43.6	410	443	193
Rex & Wain	23.7	251	23	0.68
Scerrib Assam	104	95	23	0.1
Serek	84	86	60	34
Standard Trust	137	126	115	31.5
Stanleylands	33	29	22	0.75

Company	Value of bid per share	Price per share	Value of bid before bid (£m)	Final bid date
Stanleylands	33	29	22	0.75
Ultra Elect.	20	215	96	9.0
Vyburn Eng.	425	42	372	16.6
White Gold & Resins	130	64	31	4.3
Williams Hudson	25	24	24	1.3

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Combined market capitalisation. †† Date on which scheme is expected to become operative. ††† Based on 24.2.77. †††† At suspension. ††††† Bid.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)	Earnings per share (p)	Dividends per share (p)
Allied Insulators	Dec. 31	1,388 (1,083)	8.2 (5.7)	3.5 (1.5)
Aquas Securities	Dec. 31	333 (256)	0.8 (0.7)	0.6 (0.5)
Andre Silenblooe	Oct. 31	900 (874)	4.7 (3.9)	1.78 (1.60)
Arcolecrite	Oct. 31	199 (112)	1.5 (0.7)	0.406 (0.406)
C. H. Bailey	Mar. 31	807 (823)	0.4 (0.1)	0.152 (0.194)
City Offices	Dec. 31	197,800 (142,019)	40.0 (31.1)	18.82 (13.86)
Refractories	Nov. 24	810 (397)	10.0 (11.0)	2.169 (1.98)
Charles Baynes	Dec. 31	229 (169)	18.3 (11.2)	3.0 (2.728)
T. F. & J. H. Braine	Dec. 31	268 (145)	10.1 (1.9)	3.375 (3.25)
City Offices	Dec. 31	887 (874)	2.3 (1.9)	1.4 (1.4)
Gillett Bros.	Jan. 31	499 (550)	22.6 (26.0)	13.0 (13.0)
Hoover	Dec. 31	18,977 (20,889)	40.0 (54.0)	13.27 (12.07)
Alex. Howden	Dec. 31	18,266 (10,788)	16.0 (15.0)	3.0 (2.466)
ICI	Dec. 31	340,000 (321,000)	54.4 (54.3)	14.75 (11.824)
Laxavale Estate	Apr. 30	175 (156)	—	Nil (Nil)
Marchwell	Dec. 31	10,751 (7,014)	38.3 (20.2)	2.05 (2.77)
New Equipment	Dec. 31	85 (103)	5.5 (2.3)	0.878 (0.878)
Provident Finance	Dec. 31	7,205 (4,354)	6.6 (5.3)	4.363 (3.867)
W. J. Pyrie	June 30	84 (11)	—	0.021 (Nil)
W. J. G. Edg.	Dec. 31	1,568 (729)	13.2 (17.4)	1.698 (1.344)
Reardon Smith	Mar. 31	625 (4,648)	—	— (24.4)
Rolfslex (GB)	Dec. 31	1,138 (628)	5.1 (1.8)	0.87 (0.788)
Coltard	Dec. 31	1,478 (1,181)	8.9 (18.4)	3.738 (4.658)
Yveser Thornycroft	Dec. 31	3,315 (4,853)	47 (32.0)	4.154 (3.328)
Waterford Glass	Dec. 31	6,751 (4,723)	4.0 (3.2)	1.243 (0.998)
Westwood Dawes	Dec. 31	189 (132)	7.1 (4.8)	2.995 (2.584)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)	Interim dividends per share (p)
Aper Properties	Sept. 30	206 (190)	1.2 (1.2)
BUC International	Dec. 31	16,810 (12,778)	— (—)
Bolton Textile	Oct. 31	155 (152)	— (—)
Charlton Ind. Ind.	Dec. 31	1,492 (1,478)	1.1 (1.0)
Deafjan Holdings	Sept. 30	890 (559)	1.138 (1.138)
Dolan Packaging	Jan. 1	1,358 (1,105)	1.21 (1.1)
Estates Property	Oct. 31	491 (295)	0.5 (0.5)
Feather Industry	Nov. 30	458 (458)	1.27 (1.155)
J. & W. Henderson	Dec. 31	964 (1,061)	1.258 (1.258)
Jentique	Dec. 31	386 (312)	0.248 (0.223)
Johnson Matthey	Dec. 31	14,033 (19,306)	— (—)
Lomrho	Dec. 31	22,800 (19,000)	— (—)
Hydleton Hotels	Dec. 31	248 (208)	1.65 (1.463)
Parker Thamber	Sept. 30	1,743 (1,034)	— (—)
Smith Bros.	Oct. 29	87 (462)	1.5 (5)
Textured Jersey	Oct. 31	213 (52)	1.37 (0.7)
Thames Plywood	Oct. 31	83 (11)	— (—)
Tow & City Props.	Sept. 30	3,383 (3,337)	Nil (Nil)

Figures in parentheses are for corresponding period. Dividends shown except where otherwise stated. * Adjusted for any intervening scrip issue. † Gross. ‡ For nine months. § After tax and transfer in contingencies. ¶ For three months. †† For 12 weeks. ††† For 12 months. †††† To date in 15-month period. ††††† Less.

Offers for sale, placings and introductions

Corporation of London: Issue £25m. 13 1/4 per cent. stock 1983 at £98.50 per cent.

Lee Valley Water: Offer for sale by tender £2m. 9 per cent Redeemable Preference Stock 1982 at £99 per cent. minimum price.

Waterford Glass: One-for-one.

Waterford Glass: One-for-three.

Rights Issue

English China Clays: One-for-six at 62p each.

TRUSTS—continued

M & G GENERAL

record of income and capital appreciation. The M & G General Trust Fund is hardly exciting, but one which comes to mind when considering a portfolio of cautious people who shy away from high risk but still wish to have a participation in the equity market.

SCHLESINGER "NIL YIELD"

Appealing to the higher tax payer, Schlesinger Trust Managers is advertising the Schlesinger "Nil Yield" P.M.S. scheme. This scheme, which aims to achieve capital appreciation for the investor and

PROPERTY GROWTH GILT

Property Growth Assurance is drawing investors' attention to the Property Growth Gilts. The Gilts are a new type of gilt-edged security, which offers the opportunity of investing in the gilt-edged sector. The underlying portfolio is invested in the gilt-edged sector or in the money market with the objective of maximising the return in the light of expected interest rate changes. Investment is made in conjunction with Sherrards and Chase and other leading gilt-edged specialists.

TRIDENT LIFE EDGED FUND

Trident Life is offering the Trident Life Edged Fund this week with a minimum investment requirement of £200. The fund invests in gilts to achieve an overall growth of capital and income and an automatic cash withdrawal plan is available for investors with at least £1,000.

C.G.S.B. HOLDINGS LIMITED

JUSTIN : MORRIS : M.G. : JAGUAR : ROVER : TRIUMPH
LEYLAND REDLINE : E.R.F. : GARDNER : CUMMINS
ROLLS-ROYCE DIESEL ENGINES

A DIFFICULT YEAR

tract from the Statement of Mr. Eric C. S. Buist (Chairman & Managing Director) circulated with the Report and Accounts.

RECENT ISSUES

Issue Price	High	Low	Stock	Change
100	105	100	100	0
100	105	100	100	0
100	105	100	100	0
100	105	100	100	0
100	105	100	100	0

FIXED INTEREST STOCKS

Issue Price	High	Low	Stock	Change
100	105	100	100	0
100	105	100	100	0
100	105	100	100	0
100	105	100	100	0
100	105	100	100	0

"RIGHTS" OFFERS

Issue Price	High	Low	Stock	Change
100	105	100	100	0
100	105	100	100	0
100	105	100	100	0
100	105	100	100	0
100	105	100	100	0

INSEAD

European Institute for Business Administration
Fontainebleau
Scholarships

International MBA Programme
220 participants from 30 countries

Scholarships are available to British citizens. There are also low-cost loan facilities.

Insead's 10 month degree course puts the emphasis on the practice, not the theory of management. Hard work dealing with international business problems and working closely with people from other countries is good training for international managers.

200 companies come each year to offer jobs to our students.

Insead helps them get ahead.

Admissions
INSEAD, Boulevard de Constance
77305 Fontainebleau Cedex,
France

THE GRANGE TRUST LIMITED

Mr. C. Alan McInnes, C.A., reports on the Company's 50th year. The following are points from his Statement.

★ Revenue available for ordinary stockholders increased 16% to £203,000

★ Total dividend increased 14% to 1.81p per share.

★ Net asset value at the year end was 68.7p, a decline of 10% over the year, compared with a fall of 15% in the FT Actuaries All-Share Index over the same period. Net asset value at 31st December, 1976, is estimated at 80.0p.

★ The Board believe that demand for shares in investment trust companies will revive as and when this country again concentrates its efforts on encouraging a healthy and vigorous private sector. For the future we intend to pursue our declared policy of trying to combine a growth of earnings with a reasonable measure of capital performance.

Year ended 30th November	1976	1975
Revenue before taxation	£251,307	£209,460
Earnings per ordinary stock unit	2.12p	1.81p
Ordinary dividend	1.81p	1.58p
Net asset value per ordinary stock unit	68.7p	76.6p

APPOINTMENTS

ABBEY LIFE PENSIONS

Abbey Life Assurance is drawing the attention of the self-employed to this week-end to the Abbey Personal Retirement Plan as a means of making pension provision in the most tax-efficient manner. The minimum monthly outlay is £15 the maximum being the Revenue limit of £2,250 a year. The contributions can be invested on a guaranteed basis or in a wide range of unit-linked funds.

E. Bousfield is Associated Dairies chief executive

Mr. E. G. Bousfield becomes group managing director of ASSOCIATED DAIRIES on March 1, Mr. Bousfield joined the company in 1948 and until recently was responsible for the dairy division.

Mr. R. H. Hottis has been appointed deputy chairman of ROBERT H. LOWE AND CO. prior to the retirement of Mr. R. M. Young as managing director at the end of June. Mr. R. Falster and Mr. W. H. Nees have been appointed joint managing directors.

Mr. Ronald R. Rowles has been co-opted to the Board of EVER READY COMPANY (HOLDINGS) from Monday as group director in charge of personnel and industrial relations.

Mr. Michael Hook has been appointed managing director of KELLIE AND KELLY from March 1 in succession to Mr. (the director, Mr. Gould is president of Kingley and Keith Mr. Hook was previously sales director of Sir Joseph Causton subsidiary and Sons.

Mr. D. J. Bath, an executive director of CONSOLIDATED GOLD FIELDS AUSTRALIA, is to resign from the company on April 30.

Miss Rita Donogh has been appointed a Trustee of the TATE GALLERY in succession to Mr. Howard Hodgkin.

Mr. Christopher Legrand, the senior partner of Legrand Brothers, has been elected national chairman of the Junior Members Organisation of the INCORPORATED SOCIETY OF VALUERS

GRESHAM LIFE GILT BOND

The Bond is a single-premium life insurance policy linked to the Gresham Life Gilt Fund, a unit-expressed fund of the Gresham Life Assurance Society Limited, a member of the Rothschild group of companies.

Rothschild management

The investment manager is N. M. Rothschild Asset Management Limited which manages substantial funds for institutional and other investors.

Gilt-edged securities offer an income which is both secure and historically high. There is, therefore, a case for investors to hold part of their portfolio in this type of investment. The Gresham Life Gilt Bond provides life assurance and participation in a portfolio of gilt-edged securities with the benefit of the investment skill and experience of Rothschild.

Investment policy

The investment manager's aim will be to increase the value of your investment by reinvesting the current high income obtainable in the gilt-edged market and by taking advantage of opportunities for capital growth if interest rates fall. The investment manager will move out of the market when a short-term rise in interest rates is foreseen and re-invest when a fall seems probable. When the Fund is not fully invested, money will be held on deposit or in short-term instruments.

You should realise that the price of units can fall as well as rise, particularly over the short term. However, the investment manager believes that continuous supervision combined with an active investment policy offers a reasonable prospect of growth without undue risk.

Life Assurance protection

Your Bond provides valuable life assurance cover which becomes fully effective as soon as the contract is issued. Medical examination is normally required only for investments over £16,000. If you die after the protection is fully effective, the benefit is a multiple of the value of the units at the valuation day following receipt by Gresham Life of evidence of death. For example, at age 40 the benefit is twice the value of your Bond.

Withdrawal Plan

Interest earned, after tax and expenses, on the investments of the Fund is automatically reinvested to increase the value of your units. However, under the Automatic Withdrawal Plan if you invest £2,000 or more you may withdraw 5% of your original investment annually for up to 20 years by cashing in part of your Bond half-yearly. These payments will be free of basic-rate and Capital Gains tax. There may ultimately be some liability to higher-rate tax and investment income surcharge.

How to invest

Your Bond will be made up of units in the Gresham Life Gilt Fund. This Fund will be valued weekly, and bid and offer prices published daily in leading national newspapers. To secure the initial offer price (100p) you should invest by 2nd March. Minimum investment is £1,000.

Complete the proposal form below and send it in with a cheque for the amount you want to invest. All your investment will be used to purchase units in the Gresham Life Gilt Fund at the initial offer price which includes charges.

Other details

Charges

There is an initial charge of 2% included in the offer price, and an annual management charge of 0.5% of the gross value of the Fund. The costs of purchases, sales and valuations of investments are paid directly by the Fund.

Share Exchange

The investment manager has a share exchange plan through which you may exchange a portfolio of gilt-edged securities or other acceptable stocks and shares (minimum value £2,000) for a Gresham Life Gilt Bond. This can mean a saving in costs. For full details, write to the address on the coupon with details of your holdings.

Taxation

Income accumulated in the Fund is taxed at the life assurance company rate. You have no liability for basic-rate tax or Capital Gains Tax. There may be a liability to higher-rate tax and the investment income surcharge when your Bond is finally cashed. You could avoid or reduce this liability by cashing your Bond in a year when your income is low. Full details are available on request and are included in the booklet you will receive with your policy.

Cashing your investment

You may cash in all or some of your Bond whenever you wish, at the bid price on the valuation day following receipt of your written instructions by Gresham Life. For partial withdrawals, the minimum is £250 and the value of your remaining units must be at least £7,000. There is no charge for withdrawal.

This advertisement is based on Gresham Life's underwriting of current law of the Income and Corporation Taxes Act 1970 and the Finance Act 1975. Not applicable to residents of the Republic of Ireland.

PROPOSAL FOR A GRESHAM LIFE GILT BOND

To: Gresham Life Assurance Society Limited,
P.O. Box No. 1, 2-6 Prince of Wales Road, Bournemouth BH4 9HD.
Registered in London No. 3934-C

- I wish to invest £ (minimum £1,000) in a Gresham Life Gilt Bond. I enclose my cheque for this amount made payable to Gresham Life Assurance Society Limited.
- Occupation _____
- Do you wish Automatic Withdrawal Plan (minimum investment £2,000) YES/NO _____
- I declare that the statements contained herein, whether in my own handwriting or not, are TRUE AND COMPLETE and I agree that only these statements together with those (if any) made to the Society's Medical Examiner and signed by me, shall be the basis of the proposed contract of assurance between me and the GRESHAM LIFE ASSURANCE SOCIETY LIMITED.
- I consent to the Society making enquiries of or seeking medical information from any doctor who at any time has attended me or may attend me or from any Life Assurance Company to whom I have at any time made a proposal for life assurance and I authorise the giving of such information.
- Name and address of your usual doctor _____

Signature _____
Date _____

GRESHAM LIFE GILT BOND

WALL STREET COMMODITIES AS MARKETS RISE LOSING PRICES RALLYING ATTEMPT LACK SUPPORT

BY OUR WALL STREET CORRESPONDENT

A RALLYING attempt lacked follow-through support on Wall Street today, and the market closed generally undecided.

The Dow Jones Industrial Average was off three points in early trading, struggled to a gain of about 3 points, before fading to close 0.83 up at 933.43.

FRIDAY'S ACTIVE STOCKS

Table with columns for stock names, prices, and changes.

concerned with rising inflation and the outlook for possible further gains in the early February Consumer Price Index

NEW YORK, Feb. 25. Stocks were firm, but other sectors quiet. Insurances and Bankings eased.

Southern "A" jumped \$1 to \$22 on its forecast of higher fourth quarter and year earnings.

BRUSSELS—Mostly lower in active trading. U.S. stocks also gave ground.

AMSTERDAM—Market eased, with some investor demand insufficient to compensate for arbitrage offerings.

THE AMERICAN SE Market Value Index rose 0.37 to 110.58, making a loss of 1.67 on the week.

OTHER MARKETS

Canada again mixed Canadian stock markets remained mixed in light trading yesterday.

Table with columns for indices, high, low, and change.

Industrials 855.45, 852.00, 838.25, 839.81, 840.24, 945.70

NEW YORK—DOW JONES

Table with columns for stock names, prices, and changes.

F.T. CROSSWORD PUZZLE No. 3,316

A prize of £3 will be given to each of the senders of the first three correct solutions opened.

ACROSS

1 Buy everybody drink and loaf (5, 6)

2 Produce a better international (5)

3 Place for putting the inexperienced (5)

4 Estate making payment unimplicated (13, 6)

5 Slately lunge making an impressive lot of money (3, 4)

6 Prime to send article to this paper (5)

7 Write when losing 6-1 (3, 4)

8 Stock check (4)

9 Poem right to flower abroad (7)

10 Thinks row with more flavour (7)

11 Selective network is returned the day before (5)

12 Mean to have party in London (5)

13 Active agent in underground movement (9)

14 Country offering the finest service (5)

15 Retiring with Aunt Sally (3)

NEW YORK

Table with columns for stock names, prices, and changes.

Stocks were firm, but other sectors quiet.

INSURANCE AND BANKING

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INSURANCE AND BANKING

OVERSEAS SHARE INFORMATION

Table with columns for stock names, prices, and changes.

Investment premium based \$3.60 per £1-1684 (1077)

Stocks were firm, but other sectors quiet.

INSURANCE AND BANKING

INSURANCE AND BANKING

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RACING BY DOMINIC WIGAN

Brown Admiral is preferred

THAT REMARKABLE old cavalry, an easy winner from paigner, Pendill, returns to his favourite course, Kepton, for today's Yellow Pages Fillers

Although his chance must be respected, I cannot quite see the Uplands 12-year-old cooedding two stones to either Brown Admiral or Rathvilly.

Brown Admiral, third behind

KEPTON

1.30—Galamb II

2.00—Brown Admiral**

2.30—Rathvilly

3.00—Flitgrove*

3.30—New Formula**

4.00—Mr. Large

Rathvilly, the stable companion, Uncle Bing, is the Sionce Glen

SNOW REPORTS

Chambers 100 70 Good Good

Good snow, high winds

Good snow, high winds

Good snow, high winds

GERMANY

Prices + or - Div. % Yld.

AGG. 25.7 -0.3

AGG. 25.7 -0.3

AGG. 25.7 -0.3

AGG. 25.7 -0.3

AGG. 25.7 -0.3

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AGG. 25.7 -0.3

AGG. 25.7 -0.3

AUSTRALIA

Prices + or - Div. % Yld.

AGG. 10.7

AGG. 10.7

AGG. 10.7

AGG. 10.7

AGG. 10.7

AGG. 10.7

AGG. 10.7

AGG. 10.7

AGG. 10.7

AGG. 10.7

AGG. 10.7

AGG. 10.7

AGG. 10.7

MILAN

Prices + or - Div. % Yld.

AGG. 11.3

AGG. 11.3

AGG. 11.3

AGG. 11.3

AGG. 11.3

AGG. 11.3

AGG. 11.3

AGG. 11.3

BRUSSELS/LUXEMBOURG

Prices + or - Div. % Yld.

AGG. 10.7

AGG. 10.7

AGG. 10.7

AGG. 10.7

AGG. 10.7

AGG. 10.7

AGG. 10.7

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AGG. 10.7

AGG. 10.7

AGG. 10.7

AGG. 10.7

TOKYO

Prices + or - Div. % Yld.

AGG. 14.2

AGG. 14.2

AGG. 14.2

AGG. 14.2

AGG. 14.2

AGG. 14.2

AGG. 14.2

AGG. 14.2

AMSTERDAM

Prices + or - Div. % Yld.

AGG. 10.7

AGG. 10.7

AGG. 10.7

AGG. 10.7

AGG. 10.7

AGG. 10.7

AGG. 10.7

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AGG. 10.7

AGG. 10.7

AGG. 10.7

PARIS

Prices + or - Div. % Yld.

AGG. 12.8

AGG. 12.8

AGG. 12.8

AGG. 12.8

AGG. 12.8

AGG. 12.8

AGG. 12.8

AGG. 12.8

VIENNA

Prices + or - Div. % Yld.

AGG. 10.7

AGG. 10.7

AGG. 10.7

AGG. 10.7

AGG. 10.7

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AGG. 10.7

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AGG. 10.7

AGG. 10.7

OSLO

Prices + or - Div. % Yld.

AGG. 10.7

AGG. 10.7

AGG. 10.7

AGG. 10.7

AGG. 10.7

AGG. 10.7

AGG. 10.7

AGG. 10.7

JOHANNESBURG

Prices + or - Div. % Yld.

AGG. 10.7

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AGG. 10.7

SWITZERLAND

Prices + or - Div. % Yld.

AGG. 10.7

AGG. 10.7

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AGG. 10.7

AGG. 10.7

HOME NEWS



downpour after downpour hit the Midlands, Derbyshire, was most affected area, was mopping up yesterday after days of widespread damage. The River Derwent over-

Stronger teams named for Anglo-U.S. air talks

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT BOTH SIDES in the Anglo-U.S. negotiations for a new civil air agreement have strengthened their teams for the next round of talks, starting in London on Monday.

Paper and board picked-up

THE PAPER and board industry board in the U.K. increased by 14 per cent to 6.8m. tonnes, of which a record 49 per cent was imported. Imports increased 17 per cent by volume and 34 per cent by value to £737m. Exports, at 327m. tonnes, increased 33 per cent by volume over 1975.

NYC seeks federal aid to avoid default

BY STEWART FLEMING NEW YORK, Feb. 25. THE SHOWDOWN between New York City's major bankers and municipal trade unions reached a new impasse today when the city's emergency financial control board formally requested a \$35m. Federal Government loan to prevent a default on the city's debts.

Rhodesian tax protest

BY OUR OWN CORRESPONDENT RHODESIAN nationalists have reacted angrily to stringent financial measures introduced yesterday in the Rhodesian Parliament by Mr. David Smith, the Finance Minister.

Spanish parties warn Cabinet

BY ROGER MATTHEWS THE LIMITED understanding reached between the Spanish Government and several important opposition parties is threatened by the row that has broken out over the legalisation of Communist parties.

First Viking Commodity Trusts advertisement with details on commodity offers and contact information.

Pledge on TV in Welsh advertisement by Ivor Owen, Parliamentary Staff, regarding a television channel.

Commodity & General Management Co Ltd advertisement listing various commodity services.

Managers Limited advertisement for financial and management services.

COMMODITIES/Review of the week

COFFEE touches £4,000 a tonne. The enormous weight of speculation activity on the London coffee market has been partly due to a spill-over from New York, where the operation of limits on the maximum daily fluctuations have frustrated some speculators.

DAILY PRICE CHANGES

Table showing daily price changes for various commodities including coffee, tin, copper, and other metals.

MARKET REPORTS

BASE METALS. COPPER—Little change on the London Metal Exchange, although forward metal traded down to 1988-1990 market on week-end book-selling and disappointment.

Wool Futures

LONDON—Trading was chiefly in spot March and the market tended earlier reflecting overseas movements, reports Bache.

Rubber

SLIGHTLY STEADIER opening on the rubber market, with prices at low levels, closing on an earlier note.

Grains

THE BALANCE—Imported grain markets remained quiet and the price structure was virtually unaltered.

This week's SE dealings

Table showing stock exchange dealings for Friday, Thursday, Wednesday, Tuesday, and Monday.

The list below records all yesterday's dealings and also the latest market, showing the week of any share not dealt in yesterday. The latter can be distinguished by the date (in parentheses).

Large table listing various stock exchange deals, including British Funds, Northern Ireland, and other international markets.

SILVER

NEW YORK—Silver 340 an ounce lower for spot delivery in the London market market yesterday, at 238.1p. U.S. cent counter-

COFFEE

NEW YORK—Coffee a massive 540 in early active dealing attributed to the rise in New York's strong market.

COCAOA

NEW YORK—Cocoa continued through the day, despite producer selling, and prices on the London market were steady.

SOYABEAN MEAL

NEW YORK—Soyabean meal a steady market with prices unchanged and remained quiet until Chicago market closed.

SUGAR

LONDON DAILY PRICE TRADING—White sugar 1120.00 a tonne off for Feb. March-April shipment.

U.S. Markets

Cocoa and coffee end limit-up

COPPER closed at 10c 10c on short-covering and clearing buying. Silver ending at 10c 10c on short-covering and clearing buying.

FINANCIAL TIMES

Table showing financial times data, including Dow Jones, Reuters, and Moody's indices.

Table of stock prices for various companies including Anglo American, Anglo American (Africa), Anglo American (Australia), Anglo American (Canada), Anglo American (India), Anglo American (Japan), Anglo American (Latin America), Anglo American (Middle East), Anglo American (North America), Anglo American (South America), Anglo American (Africa), Anglo American (Australia), Anglo American (Canada), Anglo American (India), Anglo American (Japan), Anglo American (Latin America), Anglo American (Middle East), Anglo American (North America), Anglo American (South America).

Table of stock prices for various companies including Anglo American (Africa), Anglo American (Australia), Anglo American (Canada), Anglo American (India), Anglo American (Japan), Anglo American (Latin America), Anglo American (Middle East), Anglo American (North America), Anglo American (South America), Anglo American (Africa), Anglo American (Australia), Anglo American (Canada), Anglo American (India), Anglo American (Japan), Anglo American (Latin America), Anglo American (Middle East), Anglo American (North America), Anglo American (South America).

Table of stock prices for various companies including Anglo American (Africa), Anglo American (Australia), Anglo American (Canada), Anglo American (India), Anglo American (Japan), Anglo American (Latin America), Anglo American (Middle East), Anglo American (North America), Anglo American (South America), Anglo American (Africa), Anglo American (Australia), Anglo American (Canada), Anglo American (India), Anglo American (Japan), Anglo American (Latin America), Anglo American (Middle East), Anglo American (North America), Anglo American (South America).

Table of stock prices for various companies including Anglo American (Africa), Anglo American (Australia), Anglo American (Canada), Anglo American (India), Anglo American (Japan), Anglo American (Latin America), Anglo American (Middle East), Anglo American (North America), Anglo American (South America), Anglo American (Africa), Anglo American (Australia), Anglo American (Canada), Anglo American (India), Anglo American (Japan), Anglo American (Latin America), Anglo American (Middle East), Anglo American (North America), Anglo American (South America).

Table titled 'NEW HIGHS AND LOWS FOR 1976/77' showing stock price movements for various companies.

Table titled 'RISES AND FALLS' showing daily stock price changes for various companies.

Table titled 'ACTIVE STOCKS YESTERDAY' showing active stock prices and changes for various companies.

Table titled 'ON THE WEEK' showing weekly stock price changes for various companies.

Table titled 'SPECIAL LIST FEBRUARY 23 (N1)' listing specific stocks and their prices.

Table titled 'OPTIONS TRADED' showing options trading data for various companies.

Table titled 'LOCAL AUTHORITY BOND TABLE' showing bond prices for various local authorities.

Table titled 'UK CONVERTIBLE STOCKS 25/2/77' showing convertible stock prices for various companies.

Table titled 'BUILDING SOCIETY RATES' showing interest rates for various building societies.

Table titled 'DEALING DATES' showing dealing dates for various companies.

AUTHORISED UNIT TRUSTS

Table listing various Unit Trusts and their performance metrics, including columns for Name, Manager, and various financial indicators.

INSURANCE, PROPERTY, BONDS

Table listing various Insurance, Property, and Bond products, including company names and product details.

Advertisement for Gilts, featuring the headline 'Take the sensible way into Gilts...' and text describing investment opportunities.

Advertisement for Property Growth Assurance, featuring the headline 'PROPERTY GROWTH ASSURANCE' and text about investment options.

Advertisement for Offshore and Overseas Funds, featuring the headline 'OFFSHORE AND OVERSEAS FUNDS' and text about international investment opportunities.

Advertisement for World Wide Growth Management, featuring the headline 'World Wide Growth Management' and text about global investment strategies.

ARBLINOT HIGH INCOME FUND One of the highest incomes available 11.9% PHONE 01-248 2648

FT SHARE INFORMATION SERVICE

INDUSTRIALS—Continued

BRITISH FUNDS

Table of British Funds with columns for Name, Stock, Price, Div, Yield, and other metrics.

INTERNATIONAL BANK

Table of International Bank funds with columns for Name, Stock, Price, Div, Yield, and other metrics.

CORPORATION LOANS

Table of Corporation Loans with columns for Name, Stock, Price, Div, Yield, and other metrics.

LOANS (Miscellaneous)

Table of Miscellaneous Loans with columns for Name, Stock, Price, Div, Yield, and other metrics.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails with columns for Name, Stock, Price, Div, Yield, and other metrics.

CANADIANS

Table of Canadian stocks with columns for Name, Stock, Price, Div, Yield, and other metrics.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase with columns for Name, Stock, Price, Div, Yield, and other metrics.

HIRE PURCHASE, ETC.

Table of Hire Purchase, Etc. with columns for Name, Stock, Price, Div, Yield, and other metrics.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits with columns for Name, Stock, Price, Div, Yield, and other metrics.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber and Roads with columns for Name, Stock, Price, Div, Yield, and other metrics.

BUILDING INDUSTRY—Continued

Continued table of Building Industry with columns for Name, Stock, Price, Div, Yield, and other metrics.

CHEMICALS, PLASTICS

Table of Chemicals and Plastics with columns for Name, Stock, Price, Div, Yield, and other metrics.

CINEMAS, THEATRES AND TV

Table of Cinemas, Theatres and TV with columns for Name, Stock, Price, Div, Yield, and other metrics.

DRAPERY AND STORES

Table of Drapery and Stores with columns for Name, Stock, Price, Div, Yield, and other metrics.

DRAPERY AND STORES—Continued

Continued table of Drapery and Stores with columns for Name, Stock, Price, Div, Yield, and other metrics.

ELECTRICAL AND RADIO

Table of Electrical and Radio with columns for Name, Stock, Price, Div, Yield, and other metrics.

ENGINEERING, MACHINE TOOLS

Table of Engineering and Machine Tools with columns for Name, Stock, Price, Div, Yield, and other metrics.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, Etc. with columns for Name, Stock, Price, Div, Yield, and other metrics.

HOTELS AND CATERERS

Table of Hotels and Caterers with columns for Name, Stock, Price, Div, Yield, and other metrics.

ENGINEERING—Continued

Continued table of Engineering with columns for Name, Stock, Price, Div, Yield, and other metrics.

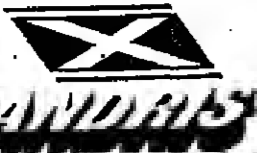
INDUSTRIALS (Miscellaneous)

Table of Miscellaneous Industrials with columns for Name, Stock, Price, Div, Yield, and other metrics.

Main table of Industrials with columns for Name, Stock, Price, Div, Yield, and other metrics.

Conversion factor 0.727 (0.7270)

المعلومات الأصل



MAN OF THE WEEK

A little realism at the FO

BY JOE ROGALY

THE FOREIGN Office is not the "Number Two power slot" in the government...

It will be observed from this part of his response to the question...



Dr. David Owen: "I really felt it in the stomach."

right thing, and doing so in a pleasant way. He is so good at it...

The right answers pour out. The Foreign Office as such will never be downgraded under the present Prime Minister...

A slimmer All this stacks up on me side against the intention, expressed in yesterday's White Paper on public spending...

"I really felt it in the stomach," he said. "I don't normally feel like that, but when the Prime Minister called me in and said 'I want to make you Foreign Secretary' it really hit me."

Government paper will list EEC election options

BY PHILIP RAWSTORNE

THE GOVERNMENT, now deeply embroiled in difficulties over its parliamentary programme, yesterday effectively postponed introducing legislation on European direct elections for a further three months.

After a 31-hour meeting at Downing Street the Cabinet reaffirmed its pledge to "use its best endeavours" to meet the EEC's target election date of May/June next year.

Mr. Merlyn Rees, Home Secretary, said at Downing Street that the Government intended the document as a basis for wide-spread debate and consultation.

The Chancellor of the Exchequer left the TUC yesterday evening optimistic that the controlled economic expansion it demands would be forthcoming in the Budget.

At a meeting with members of the TUC Economic Committee, Mr. Denis Healey appeared much more confident about the economy and chances of bringing the annual inflation rate below 15 per cent. by the end of the year.

After the meeting, at which the TUC set out its Budget demands for a £2bn. refashioning of the personal tax cuts, Mr. Len Murray, TUC general secretary, said: "We had the feeling that he was not unsympathetic to the idea of some stimulus to the economy this year."

The Chancellor however had emphasised the dangers of a "dash for growth," pointed out the constraints of the IMF loan conditions, and said that it was important that a pay policy continue after July.

raise further doubts whether the EEC target date can be met. Mr. William Whitelaw, Conservative deputy leader, said at Bristol last night that unless legislation were brought forward soon there would not be time for the Boundary Commission to decide the U.K.'s 81 constituencies.

"This could prevent the elections taking place, not only in Britain but throughout Europe. It will be a serious setback to achieving greater democratic control over the Community."

Mr. Georges Spensie, president of the European Parliament, replying to questions on the issue, said in London that Common Market voters would not understand any failure by Britain to meet the target date.

The "first-past-the-post" system, in the large constituencies that are envisaged, could give a considerable in-built advantage to the Conservative.

At the same time, Ministers are reluctant to adopt any system of proportional representation that might then reinforce the pressures for adoption of similar schemes in Westminster's elections.

Mr. Callaghan has apparently reassured leaders of the two parties that the Government still intends to rescue the Bill this session.

For some time, at least, the Government should therefore be able to count on Nationalist support in any critical confidence vote in the Commons.

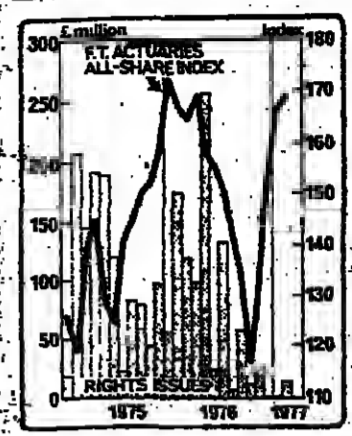
THE GOVERNMENT yesterday announced approval on oil barter deals in major civil contracts between British and Iranian companies.

Mr. Edmund Dell, Trade Secretary, said in a written Commons answer that he had informed the Iranians that the Government had "no objection in principle to the use of oil counter-purchase as a means of financing certain priority Iranian civil projects, provided that arrangements enable contracts to be negotiated on a satisfactory commercial basis by the U.K. firms concerned."

Stand by for the rights issues

THE LEX COLUMN

Index down 0.6 at 401.7



The 30-Share index has managed to hold above the 400 mark this week, giving a picture of modest strength; the gain on the account is 20.2 points to 401.7.

The key point now may be whether the fixed interest market can respond to further declines in short term interest rates.

Following a lull of several months, the rights issue pipeline is beginning to fill up again.

THE INSTITUTIONS will be reasonably happy to accommodate this demand for new funds at a time when the Government Broker has temporarily stopped siphoning off their new funds through gilt-edged tax stocks.

THE PICTURE is rather patchy, and some new issue houses are still twiddling their thumbs. But a number of sizeable fund-raising efforts are certainly in the offing.

However, the Government is still not committing itself to giving assistance in the highly complex negotiations involved in barter deals, by which industrial goods are traded for oil.

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profitable consumer credit which implies that scarcely any of these loans are currently due for a return.

One of life's little ironies is the fact that the accounts show a figure of £120,000 representing compensation to £40m for loss of executive of Around two-fifths of this to Mr. P. Matthews, the primarily associated with development of FNPC.

The chairman concedes "huge problems" have still to be overcome, and further visions seem inevitable.

However, it still seems in the bankers' interests to let the business go, and auditors note that further start-up unprovided funds may be required if the support were to withdraw.

No one expects that equity issues this year will match the figure of just over £1bn. raised in 1976—primarily during the first few months.

THE REVIVAL of activity is primarily to do with the strength of the stock market, and with the fact that many major companies will be producing annual figures in the next few weeks—always a convenient time to come out with an issue.

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TUC hopeful of tax cuts after talk with Healey

BY CHRISTIAN TYLER, LABOUR CORRESPONDENT

THE CHANCELLOR of the Exchequer left the TUC yesterday evening optimistic that the controlled economic expansion it demands would be forthcoming in the Budget.

At a meeting with members of the TUC Economic Committee, Mr. Denis Healey appeared much more confident about the economy and chances of bringing the annual inflation rate below 15 per cent. by the end of the year.

After the meeting, at which the TUC set out its Budget demands for a £2bn. refashioning of the personal tax cuts, Mr. Len Murray, TUC general secretary, said: "We had the feeling that he was not unsympathetic to the idea of some stimulus to the economy this year."

The Chancellor however had emphasised the dangers of a "dash for growth," pointed out the constraints of the IMF loan conditions, and said that it was important that a pay policy continue after July.

Mr. Healey appears to have confirmed the more optimistic view of the economy he showed in the Commons on Thursday, when he again gave strong indications that income-tax cuts were on the way.

Barter deals with Iran approved

By Ian Hargreaves, Industrial Staff

THE GOVERNMENT yesterday announced approval on oil barter deals in major civil contracts between British and Iranian companies.

Mr. Edmund Dell, Trade Secretary, said in a written Commons answer that he had informed the Iranians that the Government had "no objection in principle to the use of oil counter-purchase as a means of financing certain priority Iranian civil projects, provided that arrangements enable contracts to be negotiated on a satisfactory commercial basis by the U.K. firms concerned."

Mr. Dell's statement was not surprising, as he indicated on his return from talks in Iran in January that he could himself see no objections to extending oil barter to civil projects.

A number of potential oil-for-goods deals between Britain and Iran are known to be under discussion, and although yesterday's statement says nothing new, at least one company involved was taking it at least as an act of encouragement.

However, the Government is still not committing itself to giving assistance in the highly complex negotiations involved in barter deals, by which industrial goods are traded for oil.

Saudi power contract for India

BY K. K. SHARMA

NEW DELHI, Feb. 25

INDIA HAS made a breakthrough by landing its first big turnkey contract in Saudi Arabia—to set up a 90-megawatt gas turbine generating plant and install 180 kilometres of high tension transmission line.

The contract is one which Western and Japanese companies hoped to win. But Saudi Arabia rejected their tenders on the grounds that they were unusually high.

The value of the contract will be known when a delegation visits Saudi Arabia soon to finalise it. But early indications are that India will earn at least \$60m. in foreign exchange, although the total value of the deal will be much more.

India stands to gain a slice of Saudi Arabia's ambitious \$142bn. second development plan.

Indian and Saudi Arabian Ministers agreed that there was a vast potential for industrial co-operation and decided to take steps to achieve it. They agreed that the electricity project to be undertaken in India would be the first of many such projects.

India at present imports only 1m. tonnes of crude oil a year from Saudi Arabia, which does not believe in deferred payment or concession terms for crude exports.

Weather

U.K. TO-DAY RATHER COLD, with frosts in many N. areas and showers. London, S.E., Cen. S. England, Midlands.

Table with columns for 'BUSINESS CENTRES' and 'HOLIDAY RESORTS', listing various cities and their weather conditions.

Leyland disputes

party-wide pay negotiations and action on differentials problems. Monday. But while the toolroom organising the stoppage will how long any Leyland Cars picket line can keep working is uncertain.

مخازن الاصل